

CAPE AGULHAS LOCAL MUNICIPALITY



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CAPE AGULHAS MUNICIPALITY
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ANNUAL FINANCIAL STATEMENTS

30 JUNE 2020

CAPE AGULHAS LOCAL MUNICIPALITY

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CAPE AGULHAS LOCAL MUNICIPALITY

GENERAL INFORMATION

NATURE OF BUSINESS

Cape Agulhas Local Municipality performs the functions as set out in the Constitution. (Act no 105 of 1996)

LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Cape Agulhas Local Municipality includes the following areas:

Bredasdorp	L'Agulhas	Protem
Napier	Arniston	Klipdale
Struisbaai	Suiderstrand	Elim

MEMBERS OF THE COUNCIL

Position	Councillor	Ward	Additional Portfolio
Executive Mayor	PJ Swart	Ward 5	
Executive Deputy Mayor	Z Tonisi	Proportional	
Speaker	J G A Nieuwoudt	Ward 4	
Councillor - Full time	G D Burger	Proportional	Member of Executive Mayoral Committee
Councillor - Full time	M October	Ward 2	Member of Executive Mayoral Committee
Councillor - Part time	D Jantjies	Proportional	
Councillor - Part time	E C Marthinus	Proportional	
Councillor - Part time	E Sauls	Ward 1	
Councillor - Part time	C J Jacobs	Proportional	Chairperson of MPAC
Councillor - Part time	R J Baker	Ward 3	
Councillor - Part time	D J Europa	Ward 6	

MUNICIPAL MANAGER

Mr D O'Neill

CHIEF FINANCIAL OFFICER

Mr H Van Biljon

REGISTERED OFFICE

1 Dirkie Uys Street, Bredasdorp, 7280

POSTAL ADDRESS

PO Box 51, Bredasdorp, 7280

CAPE AGULHAS LOCAL MUNICIPALITY

GENERAL INFORMATION

AUDITORS

Office of the Auditor General (WC)

PRINCIPLE BANKERS

ABSA, Bredasdorp

ATTORNEYS

Luttig, Badenhorst & Fourie Attorneys

Kruger & Blignaut Attorneys

Bester Attorneys

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)

Division of Revenue Act

The Income Tax Act

Value Added Tax Act

Municipal Structures Act (Act no 117 of 1998)

Municipal Systems Act (Act no 32 of 2000)

Municipal Planning and Performance Management Regulations

Water Services Act (Act no 108 of 1997)

Housing Act (Act no 107 of 1997)

Municipal Property Rates Act (Act no 6 of 2004)

Electricity Act (Act no 41 of 1987)

Skills Development Levies Act (Act no 9 of 1999)

Employment Equity Act (Act no 55 of 1998)

Unemployment Insurance Act (Act no 30 of 1966)

Basic Conditions of Employment Act (Act no 75 of 1997)

Supply Chain Management Regulations, 2005

Collective Agreements

Infrastructure Grants

SALBC Leave Regulations

Municipal Budget and Reporting Regulations

mSCOA Regulations

Municipal Cost Containment Regulations, 2019

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CAPE AGULHAS LOCAL MUNICIPALITY

APPROVAL OF FINANCIAL STATEMENTS

APPROVAL OF ACCOUNTING OFFICER

I am responsible for the preparation of these annual financial statements year ended 30 June 2020, which are set out on pages 1 to 130 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2021 and is satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

As per Government Gazette no. 43582 dated 5th August 2020, National Treasury has granted municipalities and municipal entities a two-month extension regarding the submission of AFS. The municipality has taken advantage of this exemption.



Mr D O'Neill
Municipal Manager

30/10/2020
Date

CAPE AGULHAS LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2020

	Notes	2020 R (Actual)	2019 R (Restated)
ASSETS			
Current Assets		119 662 511	120 273 358
Cash and Cash Equivalents	2	73 041 284	83 738 870
Receivables from Exchange Transactions	3	35 973 677	25 419 714
Receivables from Non-exchange Transactions	4	8 380 517	9 123 417
Operating Lease Asset	5.1	328 033	321 642
Current Portion of Long-term Receivables	6	2 566	7 681
Inventory	7	1 936 436	1 662 034
Non-current Assets		475 169 401	450 235 905
Long-Term Receivables	6	160 569	184 455
Investment Property	8	40 329 389	40 199 780
Property, Plant And Equipment	9	429 818 439	405 146 297
Intangible Assets	10	4 861 004	4 705 373
Total Assets		594 831 912	570 509 263
Current Liabilities		62 444 181	58 344 618
Current Portion of Long-Term Liabilities	11	6 027 216	5 962 686
Consumer Deposits	12	5 027 528	4 696 479
Payables from Exchange Transactions	13	35 580 486	32 593 299
Unspent Conditional Government Grants	14	291 975	1 070 716
Unspent Public Contributions	15	106 567	78 086
Taxes	16	129 056	1 371 806
Operating Lease Liability	5.2	31 501	29 000
Current Employee Benefits	17	15 249 851	12 542 546
Non-current Liabilities		110 504 550	118 644 523
Long-Term Liabilities	11	20 762 900	26 790 115
Employee Benefits	18	40 989 000	44 631 701
Non-Current Provisions	19	48 752 651	47 222 707
Total Liabilities		172 948 731	176 989 142
Net Assets		421 883 181	393 520 121
Community Wealth			
Accumulated Surplus	20	386 883 181	358 520 121
Capital Replacement Reserve	20	35 000 000	35 000 000
Total Community Wealth		421 883 180	393 520 121

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CAPE AGULHAS LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2020

REVENUE	Notes	2020 R (Actual)	2019 R (Restated)
REVENUE FROM NON-EXCHANGE TRANSACTIONS		154 400 392	160 199 034
Taxation Revenue		71 198 071	66 106 657
Property Rates	21	71 198 071	66 106 657
Transfer Revenue		66 296 282	61 918 628
Government Grants and Subsidies - Capital	22	19 120 254	20 682 357
Government Grants and Subsidies - Operating	22	44 938 863	41 189 131
Public Contributions and Donations - Operating	23	190 030	47 140
Contributed Assets	24	2 047 134	-
Other Revenue		16 906 040	32 173 749
Fines	25	8 642 918	17 574 647
Actuarial Gains	26	8 209 234	14 548 917
Third Party - Insurance Receipts		53 887	50 185
REVENUE FROM EXCHANGE TRANSACTIONS		216 985 034	198 464 559
Operating Activities		216 985 034	198 464 559
Service Charges	27	182 496 443	166 006 985
Rental of Facilities and Equipment	28	8 667 864	8 530 947
Interest Earned - External Investments		6 282 982	5 168 649
Interest Earned - Outstanding Debtors	29	1 380 847	2 382 181
Licences and Permits	30	721 743	1 203 775
Agency Services	31	1 951 011	2 086 914
Other Income	32	10 430 238	7 710 865
Gains on Disposal of Properties		5 053 906	5 374 242
TOTAL REVENUE		371 385 426	358 663 593
EXPENDITURE			
Employee Related Costs	33	137 733 576	125 207 668
Remuneration of Councillors	34	5 631 724	5 441 248
Debt Impairment	35	19 860 753	23 471 071
Depreciation and Amortisation	36	15 202 929	13 604 848
Impairments	37	4 387	-
Actuarial Losses	39	65 921	-
Finance Charges	40	10 855 080	10 704 907
Bulk Purchases	41	89 330 846	76 760 692
Contracted Services	42	24 606 371	25 013 541
Transfers and Grants	43	3 455 128	580 970
Other Expenditure	44	35 877 889	35 718 742
Loss on Disposal of Property, Plant and Equipment		397 763	168 710
TOTAL EXPENDITURE		343 022 367	316 672 396
NET SURPLUS FOR THE YEAR		28 363 059	41 991 196

CAPE AGULHAS LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDING 30 JUNE 2020

	CAPITAL REPLACEMENT RESERVE R	ACCUMULATED SURPLUS R	TOTAL R
Balance on 30 June 2018 - Previously Reported	30 000 000	313 772 897	343 772 897
Prior Period Adjustment - Refer to note 45.08	-	7 756 027	7 756 027
Balance on 30 June 2018 - Restated	30 000 000	321 528 925	351 528 925
Net Surplus for the Year	-	41 991 196	41 991 196
Transfers to Reserves	14 940 056	(14 940 056)	-
Property, Plant and Equipment Purchased	(9 940 056)	9 940 056	-
Balance on 30 June 2019 - Restated	35 000 000	358 520 121	393 520 121
Net Surplus for the Year	-	28 363 059	28 363 059
Transfers to Reserves	14 169 472	(14 169 472)	-
Property, Plant and Equipment Purchased	(14 169 472)	14 169 472	-
Balance on 30 June 2020	35 000 000	386 883 181	421 883 180

CAPE AGULHAS LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2020

	Notes	2020 R (Actual)	2019 R (Restated)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property Rates		70 120 375	63 449 416
Service Charges		170 183 681	159 304 825
Other Revenue		15 066 562	22 740 322
Government - Operating		44 116 011	42 118 265
Government - Capital		19 164 365	20 423 479
Interest		7 663 829	7 550 830
Payments			
Suppliers and Employees		(288 712 583)	(257 634 422)
Finance Charges		(3 091 359)	(1 856 421)
Transfers and Grants		(3 455 128)	(580 970)
NET CASH FROM OPERATING ACTIVITIES	46	31 055 754	55 515 323
CASH FLOW FROM INVESTING ACTIVITIES			
Receipts			
Proceeds on Disposal of Assets		5 073 906	5 410 131
Increase in Long-Term Receivables		(639 137)	(1 392 051)
Payments			
Purchase of Property, Plant and Equipment		(39 360 474)	(36 850 926)
Purchase of Investment Property		(313 064)	-
Purchase of Intangible Assets		(882 934)	(394 788)
NET CASH USED INVESTING ACTIVITIES		(36 121 703)	(33 227 633)
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts			
New loans raised		-	17 000 000
Increase in Consumer Deposits		331 049	189 029
Payments			
Loans Repaid		(5 962 686)	(3 506 160)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(5 631 637)	13 682 869
NET INCREASE/(DECREASE) IN CASH HELD		(10 697 586)	35 970 559
Cash and Cash Equivalents at the beginning of the year		83 738 870	47 768 311
Cash and Cash Equivalents at the end of the year	47	73 041 284	83 738 870
NET INCREASE/(DECREASE) IN CASH HELD		(10 697 586)	35 970 559

CAPE AGULHAS LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2020

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2020 R (Actual)	2020 R (Final Budget)	2020 R (Variance)
ASSETS			
Current Assets			
Cash	49 252 284	13 706 261	35 546 022
Call Investment Deposits	23 789 000	50 000 000	(26 211 000)
Consumer Debtors	34 528 440	36 731 001	(2 202 561)
Other Receivables	10 153 786	7 780 454	2 373 332
Current portion of Long-Term Receivables	2 566	8 114	(5 549)
Inventory	1 936 436	1 662 034	274 402
Total Current Assets	119 662 511	109 887 864	9 774 646
Non Current Assets			
Long-Term Receivables	160 569	176 341	(15 771)
Investment Property	40 329 389	40 190 880	138 509
Property, Plant and Equipment	429 818 439	407 728 402	22 090 037
Intangible Assets	4 861 004	4 531 273	329 731
Total Non-Current Assets	475 169 401	452 626 896	22 542 506
TOTAL ASSETS	594 831 912	562 514 760	32 317 152
LIABILITIES			
Current Liabilities			
Borrowing	6 027 216	6 558 954	(531 738)
Consumer Deposits	5 027 528	4 978 268	49 260
Trade and Other Payables	36 139 586	39 689 304	(3 549 718)
Provisions and Employee Benefits	15 249 851	13 295 099	1 954 752
Total Current Liabilities	62 444 182	64 521 625	(2 077 444)
Non-Current Liabilities			
Borrowing	20 762 900	20 790 115	(27 216)
Provisions and Employee Benefits	89 741 651	71 634 747	18 106 904
Total Non-Current Liabilities	110 504 550	92 424 862	18 079 688
TOTAL LIABILITIES	172 948 732	156 946 487	16 002 244
NET ASSETS	421 883 181	405 568 273	16 314 907
COMMUNITY WEALTH			
Accumulated Surplus	386 883 181	370 568 273	16 314 907
Reserves	35 000 000	35 000 000	-
TOTAL COMMUNITY WEALTH/EQUITY	421 883 180	405 568 273	16 314 907

Refer to note 48.2 for further details relating to material variances.

CAPE AGULHAS LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2020

ADJUSTMENTS TO APPROVED BUDGET

	2020 R	2020 R	2020 R (Final and Approved Budget)
	(Original Budget)	(Adjustments)	
ASSETS			
Current assets			
Cash	12 191 844	1 514 417	13 706 261
Call Investment Deposits	10 000 000	40 000 000	50 000 000
Consumer Debtors	35 989 540	741 461	36 731 001
Other Receivables	6 592 918	1 187 536	7 780 454
Current portion of Long-Term Receivables	7 248	867	8 114
Inventory	1 307 597	354 437	1 662 034
Total Current Assets	66 089 146	43 798 718	109 887 864
Non-Current Assets			
Long-Term Receivables	197 124	(20 784)	176 341
Investment Property	40 535 860	(344 980)	40 190 880
Property, Plant And Equipment	443 187 754	(35 459 352)	407 728 402
Intangible Assets	4 801 196	(269 923)	4 531 273
Total Non Current Assets	488 721 935	(36 095 039)	452 626 896
TOTAL ASSETS	554 811 081	7 703 679	562 514 760
LIABILITIES			
Current Liabilities			
Borrowing	5 300 000	1 258 954	6 558 954
Consumer Deposits	5 019 201	(40 933)	4 978 268
Trade and Other Payables	32 883 304	6 806 000	39 689 304
Provisions and Employee Benefits	12 973 006	322 093	13 295 099
Total Current Liabilities	56 175 511	8 346 114	64 521 625
Non Current Liabilities			
Borrowing	22 031 397	(1 241 281)	20 790 115
Provisions and Employee Benefits	138 928 140	(67 293 394)	71 634 747
Total Non-Current Liabilities	160 959 537	(68 534 675)	92 424 862
TOTAL LIABILITIES	217 135 048	(60 188 561)	156 946 487
NET ASSETS	337 676 033	67 892 240	405 568 273
COMMUNITY WEALTH			
Accumulated Surplus	315 676 033	54 892 240	370 568 273
Reserves	22 000 000	13 000 000	35 000 000
TOTAL COMMUNITY WEALTH/EQUITY	337 676 033	67 892 240	405 568 273

Refer to note 48.2 for further details relating to material variances.

CAPE AGULHAS LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2020

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2020 R (Actual)	2020 R (Final Budget)	2020 R (Variance)
REVENUE BY SOURCE			
Property Rates	71 198 071	69 193 000	2 005 071
Service Charges - Electricity Revenue	122 224 269	126 232 100	(4 007 831)
Service Charges - Water Revenue	27 451 147	28 204 000	(752 853)
Service Charges - Sanitation Revenue	12 969 507	11 840 000	1 129 507
Service Charges - Refuse Revenue	19 851 521	17 798 300	2 053 221
Rental Of Facilities and Equipment	8 667 864	1 960 700	6 707 164
Interest Earned - External Investments	6 282 982	3 200 800	3 082 182
Interest Earned - Outstanding Debtors	1 380 847	1 718 500	(337 653)
Fines, penalties and forfeits	8 642 918	11 589 900	(2 946 982)
Licences and Permits	721 743	66 700	655 043
Agency Services	1 951 011	2 916 800	(965 789)
Transfers Recognised - Operational	44 938 863	101 477 757	(56 538 894)
Other Revenue	18 883 390	10 206 100	8 677 290
Gains on Disposal of Properties	5 053 906	5 000 000	53 906
TOTAL OPERATING REVENUE	350 218 038	391 404 657	(41 186 619)
EXPENDITURE BY TYPE			
Employee Related Costs	137 733 576	136 056 530	1 677 046
Remuneration of Councillors	5 631 724	5 763 700	(131 976)
Debt Impairment	19 860 753	11 267 458	8 593 295
Depreciation & Asset Impairment	15 207 316	11 025 100	4 182 216
Finance Charges	10 855 080	11 066 224	(211 144)
Bulk Purchases	89 330 846	84 394 190	4 936 656
Contracted Services	24 606 371	23 007 344	1 599 027
Transfers and Grants	3 455 128	3 955 870	(500 742)
Other Expenditure and Materials	35 943 810	107 219 093	(71 275 283)
Loss on Disposal of Property, Plant and Equipment	397 763	-	397 763
TOTAL OPERATING EXPENDITURE	343 022 367	393 755 509	(50 733 142)
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR			
	7 195 671	(2 350 852)	9 546 523
Transfers Recognised - Capital	19 120 254	19 767 087	(646 833)
Contributed Assets	2 047 134	-	2 047 134
NET SURPLUS FOR THE YEAR	28 363 059	17 416 235	10 946 824

Refer to note 48.2 for further details relating to material variances.

CAPE AGULHAS LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2020

Financial Statement of Financial Performance for the Year Ending 30 June 2020

ADJUSTMENTS TO APPROVED BUDGET

	2020 R (Original Budget)	2020 R (Adjustments)	2020 R (Approved Budget)	2020 R (Virements)	2020 R (Final Budget)
REVENUE BY SOURCE					
Property Rates	69 193 000	-	69 193 000	-	69 193 000
Service Charges - Electricity Revenue	120 785 900	5 446 200	126 232 100	-	126 232 100
Service Charges - Water Revenue	28 204 000	-	28 204 000	-	28 204 000
Service Charges - Sanitation Revenue	11 310 000	530 000	11 840 000	-	11 840 000
Service Charges - Refuse Revenue	17 798 300	-	17 798 300	-	17 798 300
Rental of Facilities and Equipment	1 960 700	-	1 960 700	-	1 960 700
Interest Earned - External Investments	2 445 900	754 900	3 200 800	-	3 200 800
Interest Earned - Outstanding Debtors	1 718 500	-	1 718 500	-	1 718 500
Fines, penalties and forfeits	11 639 900	(50 000)	11 589 900	-	11 589 900
Licences and Permits	66 700	-	66 700	-	66 700
Agency Services	2 916 800	-	2 916 800	-	2 916 800
Transfers Recognised - Operational	98 669 913	2 807 844	101 477 757	-	101 477 757
Other Revenue	9 805 100	401 000	10 206 100	-	10 206 100
Gains on Disposal of Properties	5 000 000	-	5 000 000	-	5 000 000
TOTAL OPERATING REVENUE	381 514 713	9 889 944	391 404 657	-	391 404 657
EXPENDITURE BY TYPE					
Employee Related Costs	134 136 490	1 920 040	136 056 530	-	136 056 530
Remuneration of Councillors	5 763 700	-	5 763 700	-	5 763 700
Debt Impairment	11 267 458	-	11 267 458	-	11 267 458
Depreciation & Asset Impairment	11 025 100	-	11 025 100	-	11 025 100
Finance Charges	12 762 870	(1 696 646)	11 066 224	-	11 066 224
Bulk Purchases	88 404 190	(4 010 000)	84 394 190	-	84 394 190
Contracted Services	28 209 600	(5 155 256)	23 054 344	(47 000)	23 007 344
Transfers and Grants	2 025 900	1 929 970	3 955 870	-	3 955 870
Other Expenditure and Materials	100 739 210	6 432 883	107 172 093	47 000	107 219 093
TOTAL OPERATING EXPENDITURE	394 334 518	(579 009)	393 755 509	-	393 755 509
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR	(12 819 805)	10 468 953	(2 350 852)	-	(2 350 852)
Transfers Recognised - Capital	12 941 087	6 826 000	19 767 087	-	19 767 087
NET SURPLUS FOR THE YEAR	121 282	17 294 953	17 416 235	-	17 416 235

Refer to note 48.2 for further details relating to material variances.

CAPE AGULHAS LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2020

The accompanying financial statements were audited by the Auditor-General of South Africa, who issued an unqualified audit opinion on the financial statements.

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2020 R (Actual)	2020 R (Final Budget)	2020 R (Variance)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property Rates	70 120 375	65 445 137	4 675 238
Service Charges	170 183 681	174 103 945	(3 920 264)
Other Revenue	15 066 562	18 174 860	(3 108 297)
Government - Operating	44 116 011	101 411 913	(57 295 902)
Government - Capital	19 164 365	19 116 087	48 278
Interest	7 663 829	4 826 217	2 837 613
Payments			
Suppliers and Employees	(288 712 583)	(353 786 766)	65 074 183
Finance Charges	(3 091 359)	(3 355 700)	264 341
Transfers and Grants	(3 455 128)	(2 571 000)	(884 128)
NET CASH FROM OPERATING ACTIVITIES	31 055 754	23 364 692	7 691 062
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Proceeds on Disposal of Assets	5 073 906	5 000 000	73 906
Receivables	(639 137)	7 681	(646 818)
Payments			
Capital Assets	(40 556 472)	(43 283 039)	2 726 567
NET CASH USED IN INVESTING ACTIVITIES	(36 121 703)	(38 275 358)	2 153 655
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
Increase in Consumer Deposits	331 049	281 789	49 260
Payments			
Loans Repaid	(5 962 686)	(5 403 731)	(558 954)
NET CASH USED IN FINANCING ACTIVITIES	(5 631 637)	(5 121 943)	(509 694)
NET DECREASE IN CASH HELD	(10 697 586)	(20 032 609)	9 335 023
Cash and Cash Equivalents at the beginning of the year	83 738 870	83 738 870	-
Cash and Cash Equivalents at the end of the year	73 041 284	63 706 261	9 335 023
NET DECREASE IN CASH HELD	(10 697 586)	(20 032 609)	9 335 023

Refer to note 48.2 for further details relating to material variances.

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CAPE AGULHAS LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2020

ADJUSTMENTS TO APPROVED BUDGET

	2020 R	2020 R	2020 R (Final and Approved Budget)
	(Original Budget)	(Adjustments)	
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property Rates	67 809 140	(2 364 003)	65 445 137
Service Charges	174 536 236	(432 291)	174 103 945
Other Revenue	17 854 354	320 506	18 174 860
Government - Operating	98 669 913	2 742 000	101 411 913
Government - Capital	12 441 087	6 675 000	19 116 087
Interest	4 130 030	696 187	4 826 217
Payments			
Suppliers and Employees	(358 379 125)	4 592 358	(353 786 766)
Finance Charges	(2 864 200)	(491 500)	(3 355 700)
Transfers and Grants	(2 025 900)	(545 100)	(2 571 000)
NET CASH FROM OPERATING ACTIVITIES	12 171 535	11 193 156	23 364 692
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Proceeds on disposal of PPE	5 000 000	-	5 000 000
Decrease in Non-Current Receivables	7 248	433	7 681
Payments			
Capital Assets	(47 208 739)	3 925 700	(43 283 039)
NET CASH USED IN INVESTING ACTIVITIES	(42 201 491)	3 926 133	(38 275 358)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
New Loans Raised	16 778 596	(16 778 596)	-
Increase in Consumer Deposits	241 304	40 485	281 789
Payments			
Loans Repaid	(5 200 000)	(203 731)	(5 403 731)
NET CASH FROM/(USED) FINANCING ACTIVITIES	11 819 900	(16 941 842)	(5 121 943)
NET DECREASE IN CASH HELD	(18 210 056)	(1 822 553)	(20 032 609)
Cash and Cash Equivalents at the beginning of the year	40 401 900	43 336 970	83 738 870
Cash and Cash Equivalents at the end of the year	22 191 844	41 514 417	63 706 261
NET DECREASE IN CASH HELD	(18 210 056)	(1 822 553)	(20 032 609)

Refer to note 48.2 for further details relating to material variances.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

1.1 BASIS OF PREPARATION

1 ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, unless specified otherwise.

The financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – November 2013) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

Assets, liabilities, revenue and expenses have not been offset, except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

1.2 TRANSITIONAL PROVISIONS

The Municipality resolved to take advantage of the following transitional provisions:

In term of Directive 7 - "The Application of Deemed Cost on the Adoption of Standards of GRAP", the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible Assets where the acquisition cost of an asset could not be determined.

In terms of GRAP 108 - "Statutory Receivables", the Municipality is utilising the transitional provision contained in Directive 4 that grant the Municipality a period of three years (1 July 2019 to 30 June 2022) in order to finalise the classification and impairment methods of Statutory Receivables.

1.3 PRESENTATION CURRENCY

The financial statements are presented in South African Rand, rounded off to the nearest Rand, which is the Municipality's functional currency.

1.4 GOING CONCERN ASSUMPTION

These financial statements have been prepared on a going concern basis.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

Financial Statements for the year ending 30 June 2020

1.5 COMPARATIVE INFORMATION

1.5.1 Prior year comparatives

When the presentation or classification of items in the financial statements are amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5.2 Amended Accounting Policies

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements.

1.6 MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.7 BUDGET INFORMATION

Budget information is presented on the accrual basis and is based on the same fiscal period as the actual amounts.

The Statement of Comparison of Budget and Actual Amounts includes the comparison between the approved and final budget amounts, as well as a comparison between the actual amounts and final budget amounts.

The disclosure of comparative information in respect of the previous period is not required by the Standards of GRAP.

1.8 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

1.8.1 Effective dates determined

Where a Standard of GRAP has been issued but is not yet effective, the Municipality may resolve to early adopt such a Standard of GRAP if an effective date has been determined by the Minister of Finance.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

1.8 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

The Municipality resolved to early adopt the Amendments to the Standards of GRAP for "Presentation of Financial Statements" which was issued in April 2019. The amendments effected the following Standards of GRAP:

Standard	Description	Effective Date
GRAP 1	Presentation of Financial Statements	1 April 2020
GRAP 21	Impairment of Non-cash-generating Assets	1 April 2020
GRAP 23	Impairment of Cash-generating Assets	1 April 2020
GRAP 104	Financial Instruments	1 April 2020

The Municipality also resolved to early adopt the Improvements to Standards of GRAP (2020) which was issued during March 2020. The improvements effected the following Standards of GRAP:

Standard	Description	Effective Date
GRAP 5	Borrowing Costs	1 April 2021
GRAP 13	Leases	1 April 2021
GRAP 16	Investment Property	1 April 2021
GRAP 17	Property Plant and Equipment	1 April 2021
GRAP 24	Presentation of Budget Information in Financial Statements	1 April 2021
GRAP 31	Intangible Assets	1 April 2021
GRAP 32	Service Concession Arrangements: Grantor	1 April 2021
GRAP 37	Joint Arrangements	1 April 2021
GRAP 106	Transfer of Functions Between Entities Not Under Common Control	1 April 2021
Directive 7	The Application of Deemed Cost	1 April 2021

The effect of the above-mentioned amendments and improvements to the Standards of GRAP which were early adopted is considered insignificant. The amendments and improvements to the Standards of GRAP mainly relate to the clarification of accounting principles.

The Municipality resolved not to early adopt Directive 14 - "The Application of Standards of GRAP by Public Entities that apply IFRS Standards" (effective 1 April 2021) as this Directive is not applicable to municipalities and will have no impact on the Municipality once it becomes effective.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

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1.8 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

The Municipality further resolved not to early adopt the following Standards of GRAP and Interpretations of the Standard of GRAP which was issued but is not yet effective:

1.8.1 GRAP 18 - Segment Reporting (effective 1 April 2020)

The objective of this Standard is to establish principles for reporting financial information by segments.

Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will be not be significant.

1.8.2 GRAP 34 - Separate Financial Statements (effective 1 April 2020)

The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.

No significant impact is expected as the Municipality has no investments in any entities.

1.8.3 GRAP 35 - Consolidated Financial Statements (effective 1 April 2020)

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

No significant impact is expected as the Municipality does not control any entities.

1.8.4 GRAP 36 - Investments in Associates and Joint Ventures (effective 1 April 2020)

The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

No significant impact is expected as the Municipality does not have investments in any associates or joint ventures.

1.8.5 GRAP 37 - Joint Arrangements (effective 1 April 2020)

The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).

No significant impact is expected as the Municipality does not have an interest in any arrangements that are controlled jointly.

1.8.6 GRAP 38 - Disclosure of Interests in Other Entities (effective 1 April 2020)

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

1.8. NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

1.8 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

- (a) the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
- (b) the effects of those interests on its financial position, financial performance and cash flows.

No significant impact is expected as the Municipality does not have an interest in any entities, associates, joint ventures or joint arrangements.

1.8.7 GRAP 110 - Living and Non-living Resources (effective 1 April 2020)

The objective of this Standard is to prescribe the:

- (a) recognition, measurement, presentation and disclosure requirements for living resources; and
- (b) disclosure requirements for non-living resources.

No significant impact is expected as the Municipality does not have any living resources. Preliminary investigations indicated that the Municipality's non-living resources do not fall within the scope of this Standard.

1.8.8 iGRAP 20 - Accounting for Adjustments to Revenue (effective 1 April 2020)

This Interpretation clarifies the accounting for adjustments to:

- (a) exchange and non-exchange revenue charged in terms of legislation or similar means; and
- (b) interest and penalties that arise from revenue already recognised.

No significant impact is expected as the Municipality's current treatment is already to a large extent in line with the Interpretation's requirements.

1.8.2 Effective dates not yet determined

Where a Standard of GRAP has been issued but not yet effective and the Minister of Finance has not yet determined an effective date, the Municipality may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event.

The following Standards of GRAP have been issued but are not yet effective as the Minister of Finance has not yet determined the effective date for application:

1.8.2.1 GRAP 104 (Revised 2019) - Financial Instruments

The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments.

No significant impact is expected as the Municipality's current treatment is already in line with the Standard's requirements.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

1.1.2020 - 1.1.2021

1.9 INVESTMENT PROPERTY

1.9.1 Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, for administration purposes, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

Investment property is recognised as an asset when it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially measured at cost on its acquisition date. The cost of investment property is the purchase price and other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an investment property is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition and any other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality. The cost of self-constructed investment property is the cost at date of completion. Transfers are made to or from investment property only when there is a change in use.

Where investment property is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

1.9.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.9.3 Depreciation – Cost Model

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The depreciation method is reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

Notes to the Financial Statements for the Year Ending 30 June 2020

1.9 INVESTMENT PROPERTY (CONTINUED)

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate accounted for on the a prospective basis.

The annual depreciation rates are based on the following estimated useful lives:

	YEARS
Buildings	100
Land	Indefinite

1.9.4 Impairment

Investment property is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.9.5 Derecognition

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Financial Performance in the period of the retirement or disposal.

Compensation from third parties for items of investment property that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

1.10 PROPERTY, PLANT AND EQUIPMENT

1.10.1 Initial Recognition

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

Financial Statements for the year ending 30 June 2020

1.10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Items of property, plant and equipment are initially recognised at cost on its acquisition date. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired through a non-exchange transaction, the cost is deemed to be equal to the fair value of that asset as at date of acquisition and any other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment.

1.10.2 Subsequent Measurement - Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

1.10.3 Depreciation

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate are accounted for on a prospective basis.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

1.10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The annual depreciation rates are based on the following estimated useful lives:

	YEARS		YEARS
Infrastructure		Land and Buildings	
Roads and Storm water	8 - 99	Buildings and	
Electricity Network	10 - 100	Improvements	10 - 120
Sewerage Network	13 - 89	Land	Indefinite
Water Network	10 - 102		
Refuse Removal	10 - 64	Other Assets	
		Computer Hardware	5 - 20
Community		Furniture and	
Cemeteries	100	Office Equipment	8 - 30
Clinics	100	Vehicles	8 - 50
Community Halls	5 - 100	Special Vehicles	15 - 50
Libraries	10 - 120	Tools and Equipment	8 - 33
Parks & Gardens	20 - 100	Other	10 - 50
Recreation Grounds	50 - 100		
Sports facilities	10 - 100	Capitalised Restoration	
		Cost	
Finance lease assets		Landfill Sites	2 - 52
Office Machines	3 - 15		

1.10.4 Impairment

Property, plant and equipment is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.10.5 Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

Notes to the Financial Statements for the Year Ending 30 June 2020

1.11 INTANGIBLE ASSETS

1.11.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

The Municipality recognises an intangible asset only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost on its acquisition date. The cost of an intangible asset is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost is measured at its fair value at the date of acquisition and any other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Internally generated intangible assets are subject to a strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) its intention to complete the intangible asset and use or sell it;
- (c) its ability to use or sell the intangible asset;
- (d) how the intangible asset will generate probable future economic benefits or service potential;
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

1.11.2 Subsequent Measurement - Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses.

1.11.3 Amortisation

The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is still subject to an annual impairment test.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

Financial Statements for the year ending 30 June 2020

1.11 INTANGIBLE ASSETS (CONTINUED)

Amortisation of an intangible with a finite life asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Amortisation ceases at the date that the asset is derecognised.

Amortisation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the intangible assets. The amortisation charge for each period is recognised in the Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The residual value of an intangible asset with a finite useful life is considered to be zero.

The amortisation period and amortisation method are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

The annual amortisation rates are based on the following estimated useful lives:

	Years
Computer Software	5 - 10

1.11.4 Impairment

Intangible assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.11.5 Derecognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

Notes to the Financial Statements for the Year Ending 30 June 2020

1.12 IMPAIRMENT OF NON-MONETARY ASSETS

An impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation.

Cash-generating assets are assets held with the primary objective of generating a commercial return. Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Municipality estimates the recoverable amount of the asset.

1.12.1 Recoverable amount of Cash-generating assets

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

The best evidence of fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

1.12.2 Recoverable amount of Non-cash-generating assets

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use.

The value in use for a non-cash generating asset is the present value of the asset's remaining service potential. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

1.12.3 Impairment loss

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

An impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation decrease in accordance with that Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

Notes to the Financial Statements for the Year Ending 30 June 2020

1.12 IMPAIRMENT OF NON-MONETARY ASSETS (CONTINUED)

1.12.4 Reversal of an impairment loss

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

A reversal of an impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation increase in accordance with that Standard of GRAP.

After the reversal of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.13 INVENTORIES

1.13.1 Initial Recognition

Inventories are assets:

- (a) in the form of materials or supplies to be consumed in the production process;
- (b) in the form of materials or supplies to be consumed or distributed in the rendering of services;
- (c) held for sale or distribution in the ordinary course of operations; or
- (d) in the process of production for sale or distribution.

Inventories are recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably.

Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventories are acquired through a non-exchange transaction, the cost is measured at the fair value as at the date of acquisition plus any other costs in bringing the inventories to their current location and condition.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

Notes to the Financial Statements for the Year Ending 30 June 2020

1.13 INVENTORIES (CONTINUED)

1.13.2 Subsequent Measurement

When inventories are sold, exchanged or distributed the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expense is recognised when the goods are distributed, or related service is rendered.

Inventories are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution. Current replacement cost is the cost the Municipality would incur to acquire the asset on the reporting date.

The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories is recognised as an expense in the period the write-down or loss occurs.

The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The basis of allocating cost to inventory items is the weighted average method.

At reporting date, the water volume is determined by way of dip readings and the calculated volume in the distribution network. Water inventory is then measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Cost of land held for sale is assigned by using specific identification of their individual costs.

1.14 EMPLOYEE BENEFITS

Defined-contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year during which they become payable.

Defined-benefit plans are post-employment benefit plans other than defined-contribution plans.

1.14.1 Post-Retirement Benefits

The Municipality provides retirement benefits for its employees and councillors. Retirement benefits consist of defined-contribution plans and defined-benefit plans.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

Financial Statements for the year ending 30 June 2020

1.14 EMPLOYEE BENEFITS (CONTINUED)

1.14.1.1 *Multi-employer defined benefit plans*

The municipality contributes to various National- and Provincial-administered defined benefit plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. These defined benefit funds are actuarially valued on the projected unit credit method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

1.14.1.2 *Post Retirement Medical Obligations*

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined. The plan is unfunded.

Contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability is calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, are recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.14.2 Long-term Benefits

1.14.2.1 Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

Notes to the Financial Statements for the Year Ending 30 June 2020

1.14 EMPLOYEE BENEFITS (CONTINUED)

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.14.3 Short-term Benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- Wages, salaries and social security contributions;
- Short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the municipality during a reporting period, the municipality recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.14.3.1 Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at reporting date and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term. Accumulated leave is vesting.

1.14.3.2 Staff Bonuses Accrued

The liability for staff bonuses is based on the accrued bonus for each employee at reporting date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

1.14.3.3 Provision for Performance Bonuses

1.15 PROVISIONS

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

Financial Statements for the year ending 30 June 2020

1.16 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

1.16.1 Municipality as Lessee

1.16.1.1 Finance Leases

At the commencement of the lease term, the Municipality recognises assets acquired under finance leases as assets and the associated lease obligations as liabilities in the Statement of Financial Position.

At the inception of the lease, the assets and liabilities are recognised at the lower of the fair value of the leased property and the present value of the minimum lease payments. The discount rate to be used in calculating the present value of the minimum lease payment is the interest rate implicit in the lease. If the rate implicit to the lease is not available the Municipality's incremental borrowing rate is used. Any initial direct costs of the Municipality are added to the amount recognised as an asset.

Subsequent to initial recognition, the minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents, if any, are charged as expenses to the Statement of Financial Performance in the periods in which they are incurred. The leased assets are accounted for in accordance with the stated accounting policies applicable to the assets.

1.16.1.2 Operating leases

Lease payment under an operating lease is recognised as an expense in the Statement of Financial Performance on a straight-line basis over lease term, unless another systematic basis is more representative of the time pattern of the user's benefit. The difference between the straight-lined expenses and actual payments made will give rise to a liability.

1.16.2 Municipality as Lessor

1.16.2.1 Operating Leases

Operating lease revenue is recognised in the Statement of Financial Performance on a straight-line basis over the term of the relevant lease, unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. The difference between the straight-lined revenue and actual payments received will give rise to an asset.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

Financial instruments (financial assets and financial liabilities) are recognised on the Municipality's Statement of Financial Position when it becomes party to the contractual provisions of the instrument.

1.17 FINANCIAL INSTRUMENTS

1.17.1 Initial Recognition

Financial instruments (financial assets and financial liabilities) are recognised on the Municipality's Statement of Financial Position when it becomes party to the contractual provisions of the instrument.

Financial instruments are initially recognised at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.17.2 Subsequent Measurement

Financial instruments are categorised as follow:

- (a) **Financial instruments at amortised cost** are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They are included in current assets or current liabilities, except for maturities greater than 12 months, which are classified as non-current. After initial recognition, both financial assets and financial liabilities are measured at amortised cost, using the effective interest rate method. Financial assets are also subject to an impairment review.
- (b) **Financial instruments at cost** are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured. Both financial assets and financial liabilities are subsequently measured at cost. Financial assets are subject to an impairment review.
- (c) **Financial instruments at fair value** comprise of financial assets or financial liabilities that are:
 - (i) derivatives;
 - (ii) combined instruments that are designated at fair value;
 - (iii) instruments held for trading;
 - (iv) non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
 - (v) financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Both, financial assets and financial liabilities are subsequently measured at fair value with unrealised gains or losses recognised directly in the Statement of Financial Performance.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

1.17 FINANCIAL INSTRUMENTS (CONTINUED)

1.17.3 Impairment and uncollectability of financial assets

Financial assets, other than those at fair value, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence of impairment of financial assets.

1.17.3.1 *Financial assets measured at amortised cost*

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Cash flows relating to short-term financial assets are not discounted where the effect of discounting is immaterial. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment is reversed by adjusting an allowance account. The amount of the reversal is recognised in Statement of Financial Performance.

1.17.3.2 *Financial assets measured at cost*

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses is not be reversed.

1.17.4 Derecognition of financial instruments

1.17.4.1 *Financial assets*

The Municipality derecognises financial assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. Financial assets (receivables) are also derecognised when Council approves the write-off of financial assets due to non-recoverability.

If the Municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the Municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

1.17 FINANCIAL INSTRUMENTS (CONTINUED)

1.17 FINANCIAL INSTRUMENTS (CONTINUED)

1.17.4.2 Financial liabilities

The Municipality derecognises financial liabilities when the Municipality's obligations are discharged, cancelled or they expire.

The Municipality recognises the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

1.17.5 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.18 STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

1.18.1 Initial Recognition

Statutory receivables are recognised when the related revenue (exchange or non-exchange revenue) is recognised or when the receivable meets the definition of an asset. The Municipality initially measure statutory receivables at their transaction amount.

1.18.2 Subsequent Measurement

The Municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is subsequently changed to reflect any interest or other charges that may have accrued on the receivable, less any impairment losses and amounts derecognised.

1.18.3 Impairment and uncollectability of statutory receivables

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired.

If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

Financial statements for the year ending 30 June 2020 are presented in the following format:

1.18 STATUTORY RECEIVABLES (CONTINUED)

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

1.18.4 Derecognition

The Municipality derecognises a statutory receivable when the rights to the cash flows from the receivable are settled, expire or are waived or the Municipality transfers the receivable and substantially all the risks and rewards of ownership of the receivable to another entity.

When the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of receivable to another entity, the Municipality derecognises the receivable and recognises separately any rights and obligations created or retained in the transfer.

1.19 CASH AND CASH EQUIVALENTS

Cash includes cash on hand, cash held with banks, and call deposits. Cash equivalents are short-term highly liquid investments with registered banking institutions with maturities of three months or less from inception, readily convertible to cash without significant change in value.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred in the Statement of Financial Performance.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

1.20 RECEIVABLES

Receivables are recognised initially at fair value, which approximates amortised cost less provision for impairment. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of receivables. An estimate is made for impairment of receivables, based on past default experience of all outstanding amounts at reporting date.

Bad debts are written off in the year during which they are identified as irrecoverable, subject to the approval by the appropriate delegated authority. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the Statement of Financial Performance.

1.21 TAXES (VALUE ADDED TAX)

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included in the Statement of Financial Position. The Municipality accounts for value-added tax (VAT) on the payment basis.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

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1.22 PAYABLES AND ANNUITY LOANS

Payables and annuity loans are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.23 CONSUMER DEPOSITS

Consumer deposits are disclosed as a current liability. Consumer deposits are levied in line with council's policy to consumers when services are initially connected. When services are disconnected or terminated, the outstanding deposit is utilised against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.

1.24 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND UNSPENT PUBLIC CONTRIBUTIONS

Grants, transfers and donations received or receivable are recognised as assets when the resources that have been transferred to the Municipality meet the definition and criteria for recognition as assets.

Conditional grants, transfers and donations are recognised as revenue to the extent that the Municipality has complied with the conditions embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the conditions have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

The liability recognised to the extent that the conditions associated with the grant, transfer or donation have not been met, always has to be cash-backed. The cash which backs up the liability is invested as a individual investment or part of the general investments of the Municipality until it is utilised.

Interest earned on investments of grants, transfers and donations are treated in accordance with conditions as stipulated in the agreement. If it is payable to the grantor it is recorded as part of the creditor and if it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.25 RESERVES

1.25.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR.

The following provisions are set for the creation and utilisation of the CRR:

- (a) The cash funds that back up the CRR are invested until utilised.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

Financial Statements for the year ending 30 June 2020

1.25 RESERVES (CONTINUED)

- (b) The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment, and may not be used for the maintenance of these items.
- (c) Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR and the accumulated surplus is credited by a corresponding amount.

1.26 REVENUE

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the Municipality has no intention of collecting this revenue. Where the Municipality has no intention of collecting the revenue, rebates and discounts are offset against the related revenue. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

1.26.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange.

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

1.26.1.1 Taxation Revenue

Taxation revenue comprises of property rates. Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

1.26.1.2 Transfer Revenue

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met.

Grants, transfers and donations without any conditions attached are recognised as revenue when the asset is recognised.

1.26.1.3 Fines

Fine Revenue constitutes both spot fines and summonses. All fines issued during the year less any cancellations or reductions are recognised as revenue. Any fine reductions or cancellations subsequent to the reported date is recorded as a write-off against the provision raised for debt impairment. In cases where fines and summonses are issued by another government departments, revenue will only be recognised when monies are received, as the Municipality does not have any control over fines issued by other government institutes.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

1.26 Revenue (Continued)

1.26 REVENUE (CONTINUED)

1.26.1.4 Insurance Receipts

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

1.26.1.5 Unclaimed deposits

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. Historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognise all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months, in which case it will be expensed.

1.26.1.6 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

Income from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the MFMA (Act 56 of 2003), and is recognised upon the recovery thereof from the responsible party.

1.26.1.7 Services in-kind

Services in-kind include services provided by individuals to the Municipality at no charge or where the Municipality has the right to use assets at no charge.

The Municipality's recognises services in-kind that are significant to its operations as assets and recognises the related revenue when it is probable that the future economic benefits or service potential will flow to the Municipality and the fair value of the assets can be measured reliably.

When the criteria for recognition is satisfied, services in-kind are recognised at their fair value as at the date of acquisition.

If the services in-kind are not significant to the Municipality's operations or does not satisfy the criteria for recognition, the Municipality only disclose the nature and type of services in-kind received during the reporting period.

1.26.1.8 Contributed Assets

Contributed assets are recognised at fair value when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

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CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

Notes to the Financial Statements for the Year Ending 30 June 2020

1.26 REVENUE (CONTINUED)

1.26.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

1.26.2.1 Service Charges

Service Charges are levied in terms of approved tariffs.

Service charges relating to electricity and water are based on consumption and a basic charge as per the approved tariffs. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created, based on consumption history. The provisional estimates of consumption are recognised as revenue when invoiced, except at reporting date when estimates of consumption up to the reporting date are recorded as revenue without being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at reporting date is recognised as a liability under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to sewerage and sanitation are recognised on a monthly basis in arrears by applying the approved tariff to each property. These service charges are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved and are levied on a monthly basis.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

1.26.2.2 Investment income

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

1.26.2.3 Rental income

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

1.26 REVENUE (CONTINUED)

1.26.2.4 *Income from Agency Services*

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the Municipality as compensation for executing the agreed services.

Income from agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

1.26.2.5 *Other Tariffs*

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

1.26.2.6 *Sale of goods*

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- (a) The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- (b) The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- (c) The amount of revenue can be measured reliably.
- (d) It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- (e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.26.2.7 *Deferred payment*

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

1.27 BORROWING COSTS

Borrowing costs that are incurred by the Municipality are expensed in the Statement of Financial Performance in the period during which they are incurred, regardless of how the borrowings are applied.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

Notes to the Financial Statements for the Year Ending 30 June 2020

1.28 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.29 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.30 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.31 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality.

1.32 CONTINGENT LIABILITIES AND CONTINGENT ASSETS (CONTINUED)

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

1.33 CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.34 EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- (a) those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- (b) those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

1.35 RELATED PARTIES

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Related party transaction is a transfer of resources, services or obligations between the Municipality and a related party, regardless of whether a price is charged.

Management is considered a related party and comprises those persons responsible for planning, directing and controlling the activities of the Municipality, including those charged with the governance of the Municipality in accordance with legislation, in instances where they are required to perform such functions.

A close family member of management is also considered to be related party. A person is considered to be a close member of the family of another person if they are married or live together in a relationship similar to a marriage or are separated by no more than two degrees of natural or legal consanguinity or affinity.

The Municipality is exempt from the disclosure requirements in relation to related party transactions if that transactions occurs within the normal supplier and/or client/recipient relationship on terms and conditions no more or less favourable than those which it is reasonable to expect the Municipality to have adopted if dealing with that individual entity or person in the same circumstances, and the terms and conditions are within the normal operating parameters established by Municipality's legal mandate.

Where the Municipality is exempt from the disclosures in accordance with the above-mentioned paragraph, the Municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable to users of the financial statements to understand the effect of related party transactions.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

Notes to the Financial Statements for the Year Ending 30 June 2020

1.35 RELATED PARTIES (CONTINUED)

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms, are disclosed.

1.36 ACCOUNTING BY PRINCIPLES AND AGENTS

An agent is an entity that has been directed another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principle and for the benefit of the principle.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

When the Municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement. The assessment of whether the Municipality is a principal or an agent requires the Municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

The Municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement shall re-assess whether they act as a principal or an agent in accordance with this Standard.

When the Municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If an entity concludes that it is not the agent, then it is the principal in the transactions.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

Financial Statements for the year ending 30 June 2020

1.36 ACCOUNTING BY PRINCIPLES AND AGENTS (CONTINUED)

The Municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- (a) It does not have the power to determine the significant terms and conditions of the transaction.
- (b) It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- (c) It is not exposed to variability in the results of the transaction.

Where the Municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The Municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether an entity is an agent.

Where the Municipality acts as a principle, it recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirement of the relevant Standards of GRAP.

Where the Municipality acts as an agent, it recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The Municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of other Standards of GRAP.

1.37 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

1.37.1 Application of Directive 7

For deemed cost applied to Property, Plant and Equipment as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

Financial Statements for the year ending 30 June 2020

1.37 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

1.37.2 Impairment of Receivables

The calculation in respect of the impairment of receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

1.37.3 Useful lives and residual values

The useful lives of assets are based on management's estimates. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

The estimated residual values of assets are also based on management's judgement on whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

1.37.4 Impairment of non-monetary assets

Non-monetary assets can include, but is not limited to, Property, Plant and Equipment, Investment Property, Intangible assets and Heritage assets.

The Municipality is not a profit-oriented entity, as its primary objective is service delivery. Tariffs and charges are cost-reflective to ensure continued financial sustainability. No profit element is included in the determination of a tariff. As such, management has determined that the Municipality does not control assets that meet the definition of cash-generating assets and that the Standard of GRAP on Impairment of Non-cash-generating Assets will apply to all assets of the Municipality.

The calculation in respect of the impairment of non-monetary assets is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This calculation will only be performed if there is an indication of an impairment.

1.37.5 Post-Retirement and Long-term Benefits

The cost of post retirement medical obligations and long-service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

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1.37 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

1.37.6 Provisions and Contingent Liabilities

Management's judgement is required when recognising and measuring provisions, as well as when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. The discount rate used to calculate the effect of time value of money is linked to the index for earthworks as published by Statistics South Africa.

1.37.7 Distinguishing between Financial Instruments and Statutory Receivables

The Municipality analyses the terms and conditions of the transactions that give rise to its receivables in order to understand whether they arise directly from legislation or similar means, or from a separate contract concluded with a party. Judgement is applied in applying the principles as set out in the respective Standards of GRAP on Financial Instruments and Statutory Receivables.

1.37.8 Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgement by management. In making the judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in the Standard of GRAP on Financial Instruments.

1.37.9 Revenue Recognition

Accounting Policy on Revenue from Non-Exchange Transactions and Accounting Policy on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as prescribed in the Standard of GRAP on Revenue from Exchange Transactions and Standard of GRAP on Revenue from Non-Exchange Transactions. Specifically, when goods are sold, whether the significant risks and rewards of ownership of the goods have been transferred to the buyer and when services are rendered, whether the service has been performed.

1.37.10 Recognition and Derecognition of Land

In order for land to be meet the definition of an asset, the Municipality must be able to prove that control is being exercised. Control of land is evidenced by either legal ownership and/or the right to direct access to land, and to restrict or deny the access of others to land.

To demonstrate access/restriction rights, the Municipality assesses whether it has a substantive right for an unlimited period through a binding arrangement.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

Notes to the Financial Statements for the year ending 30 June 2020

1.37 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

The above-mentioned assessment is subject to management's judgements and assumptions are applied to conclude that the Municipality controls land.

1.37.11 Applying materiality

Since materiality is an entity-specific concept, its application may result in different outcomes based on the Municipality's circumstances. The assessment of materiality therefore requires management to apply judgement about:

- (a) How information could reasonably be expected to influence the discharge of accountability by the Municipality or decisions that the users make on the basis of those financial statements.
- (b) How the nature or size or both, of the information could reasonably be expected to influence users' decisions.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

	2020 R	2019 R
2 CASH AND CASH EQUIVALENTS		
Primary Bank Account	49 235 916	25 468 502
Call and Notice Deposits	23 789 000	58 254 000
Cash Floats	16 368	16 368
Total	73 041 284	83 738 870

Due to the short term nature of cash deposits, all balances included above is in line with their fair value

Cash and Cash Equivalents are held to support the following commitments:

Unspent Conditional Grants	291 975	1 070 716
Unspent Public Contributions	106 567	78 086
Unspent Annuity Loans	13 183 804	20 893 080
Capital Replacement Reserve	35 000 000	35 000 000
Committed Investments	3 789 000	1 254 000
Working Capital Requirements	20 669 937	25 442 988
Total	73 041 284	83 738 870

The prior year disclosure incorrectly omitted the Committed Investments

Primary Bank Account

Bredasdorp ABSA - Account number 40 5883 2586

Bank Statement Balance - Opening Balance	26 805 860	28 787 116
Bank Statement Balance - Closing Balance	48 749 473	26 805 860
Cashbook Balance - Opening Balance	25 468 502	32 751 461
Cashbook Balance - Closing Balance	49 235 916	25 468 502

Other Bank Accounts

Bredasdorp ABSA - Account number 40 6412 1626

The municipality utilises this account for traffic fine deposits. The account is cleared to the Primary Account on a monthly basis. There are no cash book balance nor bank account balance on 30 June 2019 and 30 June 2020.

Guarantees relating to the following entities are held at ABSA:

The Post Office	50 000	50 000
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CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

	2020 R	2019 R
2 CASH AND CASH EQUIVALENTS (CONTINUED)		
Call and Notice Deposits		
Call and Notice Deposits consist out of the following		
ABSA - Acc No 2078493223	1 254 000	1 254 000
ABSA - Acc No 2079252816	2 535 000	-
Nedbank - Acc No 7881714298/155	20 000 000	-
Nedbank - Acc No 7881714298/144	-	30 000 000
Nedbank - Acc No 7881714298/145	-	17 000 000
Standard Bank - Acc No 478526628	-	10 000 000
Total	23 789 000	58 254 000

Interest between 4.50% and 6.52% (2019 - 7.65% and 8.10%) were attracted by these short term deposits.

The ABSA Investments, Acc No 2078493223 and Acc No 2079252816, are attached to a guarantee provided by the municipality to Eskom (Electricity Account Guarantee). These deposits are fixed for a period of 12 months from 1 June 2020 and 12 June 2020 respectively.

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

30 JUNE 2020

	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	52 035 317	23 812 363	28 222 954
Electricity	18 310 873	4 146 901	14 163 972
Water	9 528 358	4 958 641	4 569 717
Refuse	7 009 415	4 141 626	2 867 790
Sewerage	4 717 433	2 774 335	1 943 098
Other Services	12 469 238	7 790 861	4 678 378
Other Receivables	7 750 723	-	7 750 723
Asset Sales	5 921 867	-	5 921 867
Accrued Interest	47 203	-	47 203
Payments in Advance	1 392 053	-	1 392 053
Other Arrears	389 599	-	389 599
Total	59 786 040	23 812 363	35 973 677

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CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

The following notes are an integral part of the financial statements and should be read in conjunction with them.

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

30 JUNE 2019

	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	41 605 833	17 527 531	24 078 302
Electricity	15 241 816	2 890 139	12 351 677
Water	7 838 615	4 089 898	3 748 717
Refuse	5 475 307	3 170 484	2 304 823
Sewerage	3 564 768	2 154 237	1 410 531
Other Services	9 485 327	5 222 773	4 262 554
Other Receivables	1 341 412	-	1 341 412
Asset Sales	15 126	-	15 126
Accrued Interest	53 159	-	53 159
Payments in Advance	1 247 787	-	1 247 787
Other Arrears	25 340	-	25 340
Total	42 947 245	17 527 531	25 419 714
Balance Previously Reported	45 715 728	20 656 067	25 059 661
Prior Period Adjustment - Refer to note 45.01	(2 768 483)	(3 128 536)	360 053
Restated Balance on 30 June 2019	42 947 245	17 527 531	25 419 714

The carrying value of receivables are in line with their fair value. A credit period of 30 days are granted on initial recognition of the receivable, which is considered to be in line with industry norms. Interest at prime rate + 1% is charged on overdue accounts.

	2020 R	2019 R
Ageing of service receivables:		
Electricity Ageing		
Current (0 - 30 days)	11 113 505	10 495 921
Past Due (31 - 60 Days)	2 036 595	1 594 770
Past Due (61 - 90 Days)	978 629	466 620
Past Due (90 Days +)	4 182 144	2 684 505
Total	18 310 873	15 241 816
Water Ageing		
Current (0 - 30 days)	2 946 083	2 735 349
Past Due (31 - 60 Days)	958 122	811 088
Past Due (61 - 90 Days)	496 875	457 997
Past Due (90 Days +)	5 127 277	3 834 181
Total	9 528 358	7 838 615

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

	2020 R	2019 R
3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)		
Refuse Ageing		
Current (0 - 30 days)	1 571 884	1 453 252
Past Due (31 - 60 Days)	668 537	553 405
Past Due (61 - 90 Days)	419 918	337 089
Past Due (90 Days +)	4 349 077	3 131 561
Total	7 009 415	5 475 307
Sewerage Ageing		
Current (0 - 30 days)	1 029 733	832 061
Past Due (31 - 60 Days)	456 862	354 485
Past Due (61 - 90 Days)	266 629	230 712
Past Due (90 Days +)	2 964 209	2 147 510
Total	4 717 433	3 564 768
Other Services Ageing		
Current (0 - 30 days)	2 414 610	2 394 644
Past Due (31 - 60 Days)	1 327 606	944 974
Past Due (61 - 90 Days)	472 325	693 203
Past Due (90 Days +)	8 254 697	5 452 505
Total	12 469 238	9 485 327
Total Service Receivables Ageing		
Current (0 - 30 days)	19 075 815	17 911 227
Past Due (31 - 60 Days)	5 447 722	4 258 723
Past Due (61 - 90 Days)	2 634 375	2 185 620
Past Due (90 Days +)	24 877 405	17 250 262
Total	52 035 317	41 605 833

Ageing per Customer Classification - 30 June 2020

	Consumers R	Industrial/ Commercial R	National and Provincial Government R
Current (0 - 30 days)	12 419 435	6 313 671	342 709
Past Due (31 - 60 Days)	4 174 120	1 106 275	167 327
Past Due (61 - 90 Days)	1 845 032	656 784	132 559
Past Due (90 Days +)	20 674 541	3 356 505	846 359
Sub-Total	39 113 128	11 433 235	1 488 954
Less Allowance for Impairment	(20 479 686)	(3 332 677)	-
Total	18 633 442	8 100 558	1 488 954

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

Ageing per Customer Classification - 30 June 2019

	Consumers R	Industrial/ Commercial R	National and Provincial Government R
Current (0 - 30 days)	11 756 260	5 898 689	256 278
Past Due (31 - 60 Days)	3 123 726	1 078 417	56 580
Past Due (61 - 90 Days)	1 670 914	474 321	40 386
Past Due (90 Days +)	15 908 971	953 584	387 707
Sub-Total	32 459 871	8 405 010	740 951
Less Allowance for Impairment	(16 484 209)	(1 043 322)	-
Total	15 975 662	7 361 689	740 951

Included in Consumers are indigent balances amounting to R 340 012 (2019 - R 1 329 815). These balances were fully impaired.

	2020 R	2019 R
Reconciliation of Allowance for impairment		
Balance at the beginning of the year	17 527 531	14 897 963
Contribution to the provision	12 055 419	7 812 003
Electricity	1 678 472	534 240
Water	3 078 582	2 405 252
Refuse	2 210 098	1 505 225
Sewerage	1 616 783	1 045 569
Other Services	3 471 484	2 321 717
Bad Debts Written off	(5 770 587)	(5 182 436)
Electricity	(421 710)	(216 285)
Water	(2 209 839)	(1 716 303)
Refuse	(1 238 957)	(1 135 063)
Sewerage	(996 685)	(911 405)
Other Services	(903 397)	(1 203 380)
Balance at the end of the year	23 812 363	17 527 531

The Allowance for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

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CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

30 JUNE 2020

	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	12 672 213	6 366 727	6 305 486
Rates	12 672 213	6 366 727	6 305 486
Other Receivables	14 522 268	12 447 238	2 075 030
Unpaid Fines	14 346 650	12 447 238	1 899 412
Sundry Deposits	175 618	-	175 618
Total	27 194 481	18 813 965	8 380 517

30 JUNE 2019

	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	12 330 581	7 093 626	5 236 955
Rates	12 330 581	7 093 626	5 236 955
Other Receivables	20 559 218	16 672 756	3 886 461
Unpaid Fines	20 383 600	16 672 756	3 710 844
Sundry Deposits	175 618	-	175 618
Total	32 889 799	23 766 382	9 123 417
Balance Previously Reported	32 889 799	24 868 931	8 020 868
Prior Period Adjustment - Refer to note	-	(1 102 549)	1 102 549
Restated Balance on 30 June 2019	32 889 799	23 766 382	9 123 417

The carrying value of receivables are in line with their fair value. A credit period of 30 days are granted on initial recognition of the receivable, which is considered to be in line with industry norms. Interest at prime rate + 1% is charged on overdue accounts.

Ageing of service receivables:

Rates Ageing

	2020 R	2019 R
Current (0 - 30 days)	3 573 827	3 053 365
Past Due (31 - 60 Days)	1 213 491	695 909
Past Due (61 - 90 Days)	595 193	325 618
Past Due (90 Days +)	7 289 703	8 255 689
Total	12 672 213	12 330 581

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CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

Financial statements for the year ending 30 June 2020

4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

Ageing per Customer Classification - 30 June 2020

	Consumers R	Industrial/ Commercial R	National and Provincial Government R
Current (0 - 30 days)	3 171 088	264 790	137 949
Past Due (31 - 60 Days)	1 042 114	72 849	98 528
Past Due (61 - 90 Days)	467 913	42 045	85 234
Past Due (90 Days +)	5 557 959	680 913	1 050 831
Sub-Total	10 239 075	1 060 597	1 372 542
Less Allowance for Impairment	(5 697 043)	(669 684)	-
Total	4 542 032	390 913	1 372 542

Ageing per Customer Classification - 30 June 2019

	Consumers R	Industrial/ Commercial R	National and Provincial Government R
Current (0 - 30 days)	2 830 889	221 859	618
Past Due (31 - 60 Days)	639 040	56 869	-
Past Due (61 - 90 Days)	284 759	40 859	-
Past Due (90 Days +)	6 350 048	799 417	1 106 224
Sub-Total	10 104 735	1 119 004	1 106 842
Less Allowance for Impairment	(6 313 322)	(780 304)	-
Total	3 791 413	338 700	1 106 842

Included in Consumers are indigent balances amounting to R 152 775 (2019 - R 53 924). These balances were fully impaired.

	2020 R	2019 R
Reconciliation of Allowance for impairment		
Balance at the beginning of the year	23 766 382	17 641 572
Contribution to the provision	7 887 996	14 560 690
Rates	9 164	1 899 635
Fines	7 878 831	12 661 055
Bad Debts Written off	(12 840 413)	(8 435 881)
Rates	(736 063)	(495 081)
Fines	(12 104 350)	(7 940 800)
Balance at the end of the year	18 813 965	23 766 382

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

Notes to the Financial Statements for the Year Ending 30 June 2020

4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

The Allowance for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

	2020 R	2019 R
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5 OPERATING LEASES

5.1 OPERATING LEASE ASSETS

Operating Lease Asset	328 033	321 642
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The operating lease asset is derived from contracts where the municipality acts as the lessor in the agreement.

Reconciliation of Operating Lease Asset:

Balance at the beginning of the year	321 642	296 099
Movement during the year	6 391	25 543
Balance at the end of the year	328 033	321 642

The municipality will receive the following lease payments from contracts that have defined lease payments and terms.

Within 1 Year	804 568	859 561
Between 1 and 5 Years	2 394 469	2 686 230
After 5 Years	835 366	1 348 172
	4 034 402	4 893 964

The prior year figure relating to lease payments were adjusted to include contract incorrectly excluded from disclosure

The lease payments are in respect of properties being lease out over a period ranging up to 2032 (2019 - 2032).

5.2 OPERATING LEASE LIABILITIES

Operating Lease Liability	31 501	29 000
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The operating lease liability is derived from contracts where the municipality acts as the lessee in the agreement.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

	2020 R	2019 R
5 OPERATING LEASES (CONTINUED)		
Reconciliation of Operating Lease Liability:		
Balance at the beginning of the year	29 000	14 325
Movement during the year	2 502	14 675
Balance at the end of the year	31 501	29 000

The municipality will incur the following lease expenditure from contracts that have defined lease payments and terms.

Within 1 Year	346 923	415 665
Between 1 and 5 Years	444 028	215 344
	790 952	631 009

The operating lease liability relates to the following lease arrangements:

The lease balance relates to the "Old Nedbank Gebou" and "Tourism Building". The lease terms will end on 31 December 2020 and 30 June 2024 respectively. The lease agreement relating to the "Tourism Building" commenced in the 2019/20 financial year on 1 July 2019.

6 LONG-TERM RECEIVABLES

Receivables with Repayment Arrangements	3 436 621	2 768 483
Balance Previously Reported		-
Prior Period Adjustment - Refer to note 45.03		2 768 483
Individual Housing Loans	163 135	192 136
Total Gross Balance	3 599 756	2 960 619
Less: Allowance for Debt Impairment	(3 436 621)	(2 768 483)
Balance Previously Reported		-
Prior Period Adjustment - Refer to note 45.03		(2 768 483)
Total Net Balance	163 135	192 136
Less: Current portion of Long-term Receivables	(2 566)	(7 681)
Individual Housing Loans	(2 566)	(7 681)
Total	160 569	184 455

Individual Housing Loans

The loans was granted to facilitate housing schemes in the municipal area.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

Financial Statements for the year ending 30 June 2020

7 LONG-TERM RECEIVABLES

Receivables with repayment arrangements

On 30 June 2020, debtors amounting to R 3 436 621 (2019 - R 2 768 483) have made arrangements to settle their accounts over an re-negotiated period. Total payments to the value of R 2 265 063 (2019 - R 1 408 380) have been deferred beyond 12 months after year end and subsequently included as part of long-term receivables. Total payments to the value of R 1 171 557 (2019 - R 1 360 103) are due within the next 12 month. As these amount are fully impaired, there are no balance to be transferred to current receivables.

	2020 R	2019 R
Reconciliation of Allowance for impairment		
Balance at the beginning of the year	2 768 483	1 349 702
Contribution to the provision	668 138	1 418 781
Balance at the end of the year	3 436 621	2 768 483

The allowance for impairment only relates to Receivables with repayment arrangements. Receivables with repayment arrangements are impaired in full. Management has taken a conservative approach to impair the debtors in full due to historic poor collection rates of the said receivables.

7 INVENTORY

Consumables	1 881 084	1 619 908
Water	55 352	42 126
Total	1 936 436	1 662 034

Inventory are disclosed at the lower of cost or net realisable value.

No inventory were pledged as security for liabilities.

No Inventory losses or surpluses were identified during the annual stores counts.

Inventory recognised as an expense during the year.	2 745 867	2 553 058
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CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

8 INVESTMENT PROPERTY

Investment Property - Carrying Value

40 329 389

40 199 780

The movement in investment properties is reconciled as follows:

Opening Carrying Value

40 199 780

40 244 199

Cost

40 344 944

40 380 833

Accumulated Depreciation

(145 164)

(136 634)

Additions

313 064

Depreciation for the year

(8 530)

(8 530)

Disposals

(174 925)

(35 889)

Closing Carrying Value

40 329 389

40 199 780

Cost

40 170 018

40 344 944

Accumulated Depreciation

(153 694)

(145 164)

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

9 PROPERTY PLANT AND EQUIPMENT

30 June 2020	Cost				Accumulated Depreciation				Accumulated Impairment				Carrying Value R
	Opening Balance R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Closing Balance R	
Land and Buildings	85 528 003	3 413 410	(20 000)	88 921 413	11 247 137	353 320	-	11 600 457	-	-	-	-	77 320 955
Land	55 667 558	-	(20 000)	55 647 558	-	-	-	-	-	-	-	-	55 647 558
Buildings	29 860 445	3 413 410	-	33 273 855	11 247 137	353 320	-	11 600 457	-	-	-	-	21 673 398
Capitalised Restoration Cost	30 247 969	442 530	(2 463 676)	28 226 822	20 443 899	887 854	-	21 331 753	3 111 879	4 387	-	3 116 266	3 778 803
Infrastructure	345 199 481	27 347 382	(109 071)	372 437 793	75 557 845	9 236 633	(31 502)	84 762 976	-	-	-	-	287 674 817
Roads and Storm water	146 735 730	7 759 000	-	154 494 730	22 189 301	3 755 833	-	25 945 134	-	-	-	-	128 549 596
Electricity Network	70 758 391	10 380 762	(89 571)	81 049 583	16 584 874	2 105 989	(31 502)	18 659 362	-	-	-	-	62 390 221
Sewerage Network	65 172 265	5 485 946	-	70 658 211	14 864 425	1 915 814	-	16 780 239	-	-	-	-	53 877 972
Water Network	60 433 437	3 171 442	(19 500)	63 585 379	20 290 186	1 403 866	-	21 694 051	-	-	-	-	41 891 328
Refuse Removal	2 099 659	550 232	-	2 649 891	1 629 058	55 132	-	1 684 190	-	-	-	-	965 701
Community Assets	32 472 651	4 120 508	-	36 593 159	3 701 528	682 253	-	4 383 781	-	-	-	-	32 209 378
Cemeteries	320 729	-	-	320 729	8 379	4 164	-	12 543	-	-	-	-	308 186
Clinics	201 995	-	-	201 995	35 772	1 920	-	37 692	-	-	-	-	164 302
Community Halls	13 742 671	42 071	-	13 784 743	767 337	149 110	-	916 446	-	-	-	-	12 868 296
Libraries	4 878 443	-	-	4 878 443	1 661 352	69 570	-	1 730 922	-	-	-	-	3 147 521
Parks & Gardens	4 857 743	257 175	-	5 114 918	412 920	182 054	-	594 974	-	-	-	-	4 519 944
Recreation Grounds	1 766 423	-	-	1 766 423	341 826	24 678	-	366 504	-	-	-	-	1 399 919
Sports facilities	5 731 938	879 989	-	6 611 927	473 942	213 786	-	687 728	-	-	-	-	5 924 199
Markets	972 709	2 941 272	-	3 913 982	-	36 972	-	36 972	-	-	-	-	3 877 010
Lease Assets	1 177 811	-	-	1 177 811	810 272	161 406	-	971 678	-	-	-	-	206 133
Leased Assets - Office Machines	1 177 811	-	-	1 177 811	810 272	161 406	-	971 678	-	-	-	-	206 133
Other Assets	43 750 147	6 526 308	(406 853)	49 869 602	18 357 206	3 155 027	(270 982)	21 241 251	-	-	-	-	28 628 351
Computer Hardware	6 935 386	1 502 029	(195 256)	8 242 158	2 727 254	803 174	(122 301)	3 408 127	-	-	-	-	4 834 031
Furniture and Office Equipment	7 900 198	1 079 946	(98 951)	8 881 193	3 223 448	651 170	(68 302)	3 806 316	-	-	-	-	5 074 876
Vehicles	13 272 116	2 419 069	-	15 691 186	7 384 549	732 454	-	8 117 003	-	-	-	-	7 574 182
Special Vehicles	5 156 347	176 000	-	5 332 347	1 128 187	195 692	-	1 323 879	-	-	-	-	4 008 468
Tools and Equipment	8 133 399	1 273 264	(84 535)	9 322 129	2 414 459	662 431	(63 373)	3 013 517	-	-	-	-	6 308 612
Other	2 352 700	76 000	(28 111)	2 400 590	1 479 309	110 106	(17 007)	1 572 408	-	-	-	-	828 181
Total	538 376 062	41 850 138	(2 999 600)	577 226 600	130 117 887	14 476 494	(302 484)	144 291 897	3 111 879	4 387	-	3 116 266	429 818 439

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CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

9 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

30 JUNE 2019	Cost				Accumulated Depreciation				Accumulated Impairment				Carrying Value R
	Opening Balance R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Closing Balance R	
Land and Buildings	84 740 909	787 094	-	85 528 003	10 932 648	314 488	-	11 247 137	-	-	-	-	74 280 866
Land	55 667 558	-	-	55 667 558	-	-	-	-	-	-	-	-	55 667 558
Buildings	29 073 351	787 094	-	29 860 445	10 932 648	314 488	-	11 247 137	-	-	-	-	18 613 308
Capitalised Restoration Cost	28 734 542	1 513 426	-	30 247 969	19 500 581	943 318	-	20 443 899	3 111 879	-	-	3 111 879	6 692 190
Infrastructure	318 597 693	26 610 209	(8 420)	345 199 481	67 108 889	8 453 464	(4 509)	75 557 845	-	-	-	-	269 641 637
Roads and Storm water	131 502 025	15 233 705	-	146 735 730	18 626 815	3 562 487	-	22 189 301	-	-	-	-	124 546 428
Electricity Network	61 723 966	9 040 647	(6 221)	70 758 391	15 026 447	1 560 756	(2 328)	16 584 874	-	-	-	-	54 173 517
Sewerage Network	64 275 998	896 267	-	65 172 265	12 955 688	1 908 737	-	14 864 425	-	-	-	-	50 307 839
Water Network	58 996 046	1 439 591	(2 200)	60 433 437	18 933 430	1 358 936	(2 180)	20 290 186	-	-	-	-	40 143 251
Refuse Removal	2 099 659	-	-	2 099 659	1 566 510	62 549	-	1 629 058	-	-	-	-	470 600
Community Assets	28 653 349	3 819 302	-	32 472 651	3 201 907	499 621	-	3 701 528	-	-	-	-	28 771 123
Cemeteries	320 729	-	-	320 729	4 215	4 164	-	8 379	-	-	-	-	312 351
Clinics	201 995	-	-	201 995	33 852	1 920	-	35 772	-	-	-	-	166 222
Community Halls	13 191 609	551 062	-	13 742 671	619 726	147 611	-	767 337	-	-	-	-	12 975 334
Libraries	4 807 443	71 000	-	4 878 443	1 595 543	65 809	-	1 661 352	-	-	-	-	3 217 091
Parks & Gardens	3 959 226	898 518	-	4 857 743	285 835	127 085	-	412 920	-	-	-	-	4 444 824
Recreation Grounds	1 766 423	-	-	1 766 423	317 148	24 678	-	341 826	-	-	-	-	1 424 597
Sports facilities	4 265 525	1 466 413	-	5 731 938	345 588	128 354	-	473 942	-	-	-	-	5 257 996
Markets	140 400	832 309	-	972 709	-	-	-	-	-	-	-	-	972 709
Lease Assets	1 177 811	-	-	1 177 811	635 213	175 059	-	810 272	-	-	-	-	367 539
Leased Assets - Office Machines	1 177 811	-	-	1 177 811	635 213	175 059	-	810 272	-	-	-	-	367 539
Other Assets	38 573 333	5 634 321	(457 507)	43 750 147	15 994 287	2 655 629	(292 709)	18 357 206	-	-	-	-	25 392 941
Computer Hardware	5 487 098	1 566 657	(118 369)	6 935 386	2 215 139	589 645	(77 531)	2 727 254	-	-	-	-	4 208 132
Furniture and Office Equipment	7 558 439	459 904	(118 145)	7 900 198	2 729 616	573 074	(79 242)	3 223 448	-	-	-	-	4 676 749
Vehicles	13 424 820	-	(152 703)	13 272 116	6 684 623	785 562	(85 635)	7 384 549	-	-	-	-	5 887 567
Special Vehicles	5 056 422	99 925	-	5 156 347	936 692	191 495	-	1 128 187	-	-	-	-	4 028 160
Tools and Equipment	4 669 165	3 507 835	(43 602)	8 133 399	2 042 306	400 184	(28 031)	2 414 459	-	-	-	-	5 718 941
Other	2 377 389	-	(24 689)	2 352 700	1 385 910	115 669	(22 271)	1 479 309	-	-	-	-	873 392
Total	500 477 638	38 364 352	(465 928)	538 376 062	117 373 525	13 041 580	(297 218)	130 117 887	3 111 879	-	-	3 111 879	405 146 297
Balance Previously Reported	450 791 818	38 657 910	(465 928)	488 983 800	99 037 590	11 577 169	(297 218)	110 317 541	3 378 797	-	-	3 378 797	375 287 463
Restated - Refer to note 45.04	49 685 820	(293 557)	-	49 392 263	18 335 935	1 464 411	-	19 800 345	(266 917)	-	-	(266 917)	29 858 834
Restated on 30 June 2019	500 477 638	38 364 352	(465 928)	538 376 062	117 373 525	13 041 580	(297 218)	130 117 887	3 111 879	-	-	3 111 879	405 146 297

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CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

Financial statements for the year ending 30 June 2020 are presented in accordance with the requirements of the Municipal Finance Management Act (MFMA) and the relevant accounting standards.

	2020 R	2019 R
9 PROPERTY PLANT AND EQUIPMENT (CONTINUED)		
The following work in progress balances are included in PPE. No Depreciation charge is recognised against these amounts.		
Infrastructure - Roads and Storm water	2 080 590	5 707 766
Infrastructure - Electricity Network	12 206 297	5 663 140
Infrastructure - Sewerage Network	6 252 213	766 267
Infrastructure - Water Network	-	519 367
Community Assets - Markets	1 157 893	972 709
Total Work in Progress (WIP)	21 696 992	13 629 249

The prior year work in progress figure were restated by R 338 775 (Roads and Stormwater) due to assets previously not transferred to completed on 30 June 2017.

The increase in the Work in Progress balance compared to the prior year can mainly be attributed to delays experienced during the COVID 19 lockdown period which was implemented on 26 March 2020. During the lockdown period, which continued up to and beyond 30 June 2020, the municipality did not operate at full capacity at all times in order to complete projects as initially planned. No delays are considered to be "significant" that warrants any further disclosure of individual projects as required by GRAP 17 paragraph 87 (b).

The municipality is required by relevant Environmental Legislation to rehabilitate landfill sites at the closure date of each respective site. The "Capitalised Restoration Cost" asset, which is capitalised in line with the requirements of GRAP 17 and iGRAP 2, relates to the initial estimate of costs involved to restore landfill sites under control of the Cape Agulhas Municipality.

Refer to note 19 for more detail relating to this asset financed by way of a provision

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CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

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INTANGIBLE ASSETS

	2020 R	2019 R
Intangible Assets - Carrying Value	<u>4 861 004</u>	<u>4 705 373</u>

The movement in intangible assets is reconciled as follows:

Opening Carrying Value	4 705 373	4 865 323
Cost	6 488 339	6 093 551
Accumulated Amortisation	(1 782 966)	(1 228 228)
Additions	882 934	394 788
Disposals	(9 397)	-
Cost	(603 162)	-
Accumulated Amortisation	593 764	-
Amortisation for the year	(717 906)	(554 738)
Closing Carrying Value	4 861 004	4 705 373
Cost	6 768 112	6 488 339
Accumulated Amortisation	(1 907 107)	(1 782 966)
Work in Progress	-	394 788

Work In Progress is included in carrying value of intangible assets. No Amortisation charge is recognised against these amounts.

The work in progress balance on 30 June 2019 relates to the SCM Advance Procurement Module and Client Service application still in process of being implemented on reporting date.

Intangible Assets consist only out of software

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

	2020 R	2019 R
11 LONG-TERM LIABILITIES		
Annuity Loans	26 790 115	32 752 801
Sub-Total	26 790 115	32 752 801
Less: Current portion of Long-term Liabilities	6 027 216	5 962 686
Annuity Loans	6 027 216	5 962 686
Total	20 762 900	26 790 115

Long Term Liabilities were fully utilised to purchase property plant and equipment. No loans were unspent and no cash were set aside to finance future instalments.

The municipality opted to finance assets from external funding during the current and previous financial year. Detail are as follows:

Opening Balance - Unspent Loans	20 893 080	10 516 380
Assets purchased	(7 709 276)	(6 623 301)
Annuity Loans Raised	-	17 000 000
Closing Balance - Unspent Loans	13 183 804	20 893 080

The unspent loans relates to Annuity Loans raised at Nedbank during June 2019. The remainder of the unspent funding will be utilised on capital projects included in the approved budget of the municipality after year-end.

Annuity Loans

Amalgamated Banks of South Africa (ABSA)	3 123 449	3 719 468
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Interest is calculated between 9.84% and 10.60% (2019 - 9.84% and 10.60%) interest rate. Loan period ranges from 5 to 10 year and loans will be redeemed between 30 June 2021 and 30 June 2027 . Annuity loans consist out of 6 (2019 - 6) loan agreements

Nedbank	23 666 667	29 033 333
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Interest is calculated between 9.20% and 10.35% (2019 - 9.20% and 10.35%) interest rate. Loan period ranges from 3 to 10 year and loans will be redeemed between 30 June 2021 and 30 June 2029 . Annuity loans consist out of 6 (2019 - 6) loan agreements.

26 790 115	32 752 801
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CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

The following notes are an integral part of the financial statements and should be read in conjunction with them.

	2020 R	2019 R
11 LONG-TERM LIABILITIES (CONTINUED)		
Further detail relating to Annuity Loans is included in Appendix A.		
Annuity loans are payable as follows:		
Payable within one year	8 525 487	9 058 813
Payable within two to five years	19 376 510	24 875 210
Payable after five years	8 345 535	11 372 322
Total amount payable	36 247 532	45 306 344
Less: Outstanding Future Finance Charges	(9 457 416)	(12 553 543)
Present value of annuity loans	26 790 115	32 752 801

Finance Lease Liabilities

Finance Lease Liabilities, disclosed at amortised cost, consist out of the following agreements:

Nr	Institution	Interest Rate	Redemption Date
1	Nashua	Redeemed	2017/02/28
2	Nashua	Redeemed	2018/05/31

Assets and liabilities associated with finance lease contracts:

Nr	Carrying Value of Asset		Carrying Value of Liability	
	2020 R	2019 R	2020 R	2019 R
1	61 488	78 249	-	-
2	144 645	289 290	-	-
	206 133	367 539	-	-

Although the lease term of both finance lease agreements have reached its end, the assets associated with these agreements are still being leased by the municipality on a month to month basis. The municipality controls the benefit associated with the assets until the month-to-month contract is cancelled and the equipment is returned to the supplier, at which point the carrying value of the asset will be derecognised.

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CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

Notes 1 to 13 are an integral part of the financial statements.

	2020 R	2019 R
12 CONSUMER DEPOSITS		
Electricity	3 009 076	2 848 486
Water	2 018 452	1 847 993
Total	5 027 528	4 696 479
Guarantees held in lieu of Electricity and Water Deposits	172 000	172 000

The carrying value of consumer deposits are in line with its fair value. Outstanding balances does not attract any interest.

13 PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Payables	29 103 078	25 589 597
Balance Previously Reported		25 572 625
Prior Period Adjustment - Refer to note 45.05		16 972
Retentions	1 770 009	1 763 424
Pre-Paid Electricity	453 610	361 346
Debtors with credit balances	2 141 173	1 944 626
Department of Housing	468 883	1 524 588
Sundry Creditors	954 263	630 562
Sundry Deposits	689 469	779 157
Total	35 580 486	32 593 299

Payables are being recognised net of any discounts received

As prescribed by the MFMA, all payables are payable within 30 days. This credit period granted is considered to be in line with industry norms. The carrying value of payables are in line with its fair value.

Payables are not secured.

Sundry deposits include Hall, Builders and Housing Deposits.

Department of Housing

The municipality performs certain activities on behalf of the department of housing in order to execute their housing mandate. These activities, which mainly relates to the channelling of funds from the department to the housing contractors through the municipality's bank account, are performed on an agency-principle basis.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

Financial statements for the year ending 30 June 2020 are presented in the following tables:

	2020 R	2019 R
13 PAYABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)		
The following funds were channelled through the municipality during the period under review:		
Opening Balance	1 524 588	186 464
Funds Received	54 249 168	35 425 559
Expenditure Incurred	(55 304 873)	(34 087 434)
Unspent Balance	468 883	1 524 588

14 UNSPENT CONDITIONAL GOVERNMENT GRANTS

National Government	5 526	208 872
Provincial Government	286 449	861 844
Total	291 975	1 070 716

Detail reconciliations of all grants received and grant conditions met are included in note 22. Unspent grant balances are recognised to the extent that conditions are not yet met.

Also refer to Appendix D for further detail relating to grants.

No grants were withheld in the current year.

Due to the short term nature of unspent grant balances, the carrying value approximates the fair value of the unspent conditional grants at year-end.

15 UNSPENT PUBLIC CONTRIBUTIONS

Mayoral Golf Day	106 567	78 086
Total	106 567	78 086

Detail reconciliations of all public contributions received are included in note 23. Unspent public contribution balances are recognised to the extent that conditions of the contribution are not yet met.

Due to the short term nature of unspent public contributions, the carrying value approximates the fair value of the unspent public contribution at year-end.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

1. The following notes are an integral part of the financial statements and should be read in conjunction with them.

	2020 R	2019 R
16 TAXES		
VAT Output in Suspense	3 349 338	2 182 990
VAT Input in Suspense	(3 005 171)	(2 170 473)
VAT Payable to/(Refundable from) SARS	(215 111)	1 359 289
Total	129 056	1 371 806
Balance Previously Reported		1 625 683
Prior Period Adjustment - Refer to note 45.06		(253 877)
Restated Balance on 30 June 2019		1 371 806
VAT is accounted for on the payment basis.		
No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies		
17 CURRENT EMPLOYEE BENEFITS		
Post Retirement Medical Benefits	1 397 000	1 359 968
Long Service Awards	1 105 000	866 935
Performance Bonuses	443 609	309 606
Bonuses	3 731 940	3 459 845
Staff Leave	8 572 302	6 546 192
Total	15 249 851	12 542 546
The movement in current employee benefits are reconciled as follows:		
<u>Performance Bonuses</u>		
Opening Balance	309 606	312 148
Contribution/(Reduction) during the year	486 308	223 199
Payments made	(352 305)	(225 742)
Closing Balance	443 609	309 606
Performance bonuses are being paid to the Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement.		
<u>Bonuses</u>		
Opening Balance	3 459 845	3 269 814
Contribution during the year	6 820 472	6 307 389
Payments made	(6 548 377)	(6 117 357)
Closing Balance	3 731 940	3 459 845

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CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

Financial statements for the year ending 30 June 2020 are presented in the following tables:

	2020 R	2019 R
17 CURRENT EMPLOYEE BENEFITS (CONTINUED)		
Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.		
Staff Leave		
Opening Balance	6 546 192	5 918 199
Contribution during the year	2 795 306	1 300 470
Payments made	(769 196)	(672 476)
Closing Balance	8 572 302	6 546 192
Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or in the event of encashment. There is no possibility of reimbursement.		
18 EMPLOYEE BENEFITS		
Post Retirement Medical Benefits	34 848 000	38 834 689
Long Service Awards	8 643 000	8 023 915
Sub-Total	43 491 000	46 858 604
Less: Current portion of Employee Benefits	2 502 000	2 226 903
Post Retirement Medical Benefits	1 397 000	1 359 968
Long Service Awards	1 105 000	866 935
Total	40 989 000	44 631 701

18.1 Post Retirement Medical Benefits

The movement in Post Retirement Medical Benefits are reconciled as follows:

Opening Balance	38 834 689	46 530 680
Contribution during the year	5 307 337	7 048 460
Current Service Cost	1 715 541	2 509 799
Interest Cost	3 591 796	4 538 661
Payments made	(1 084 792)	(1 097 604)
Actuarial Gain	(8 209 234)	(13 646 847)
Total balance at year-end	34 848 000	38 834 689
Less Current Portion	1 397 000	1 359 968
Total	33 451 000	37 474 721

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

Notes to the Financial Statements for the Year Ending 30 June 2020

18 EMPLOYEE BENEFITS (CONTINUED)

The Post Retirement Medical Benefit Plan is a defined benefit plan, of which the members are made up as follows:

	2020	2019
In-service members	132	135
In-service non-members	240	232
Continuation members	26	25
Total	398	392

The liability in respect of past service has been estimated to be as follows:

	2020 R	2019 R
In-service members	19 540 000	21 769 391
Continuation members	15 308 000	17 065 298
Total Unfunded Liability	34 848 000	38 834 689

The liability in respect of past service has been estimated to be as follows for years prior to the comparative year:

	2018 R	2017 R	2016 R
In-service members	31 032 859	29 634 993	29 245 620
Continuation members	15 497 821	15 740 180	14 998 411
Total Unfunded Liability	46 530 680	45 375 173	44 244 031

Experience adjustments were calculated as follows:

	2020 R m	2019 R m
Liabilities: (Gain)/Loss	(1.010)	(0.025)
Assets: Gain/(Loss)	-	-

Experience adjustments were calculated as follows in years prior to the comparative year:

	2018 R m	2017 R m	2016 R m
Liabilities: (Gain)/Loss	0.391	(0.130)	2.923
Assets: Gain/(Loss)	-	-	-

The municipality contributes to the following medical schemes on a monthly basis:

Bonitas	Hosmed	Keyhealth
LA Health	Samwumed	

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CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

Notes to the Financial Statements for the Year Ending 30 June 2020

18 EMPLOYEE BENEFITS (CONTINUED)

Key Actuarial Assumptions used are as follows:

	2020	2019
Interest Rates		
Discount rate	10.39%	9.41%
Health Care Cost Inflation Rate	6.58%	6.87%
Net Effective Discount Rate	3.57%	2.38%

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping"

Mortality Rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

Normal Retirement Age

It has been assumed that in-service members will retire at age 62 (2019 - 62), which then implicitly allows for expected rates of early and ill-health retirement.

Last Valuation

The last valuation was performed on 1 July 2020.

Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

The amounts recognised in the Statement of Financial Performance are:

Employee Related Cost - Current Service Cost	1 715 541	2 509 799
Finance Charges - Interest Cost	3 591 796	4 538 661
Actuarial Gain	(8 209 234)	(13 646 847)
Net amount charged to Statement of Financial Performance	(2 901 897)	(6 598 387)

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

18 EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis - Liability at year-end

Assumption	In-service members R m	Continuation members R m	Total liability R m	% change
Liability	19.540	15.308	34.848	
Health care inflation				
+ 1%	23.542	16.711	40.253	16%
- 1%	16.348	14.083	30.431	-13%
Discount rate				
+ 1%	16.472	14.133	30.605	-12%
- 1%	23.426	16.673	40.099	15%
Post-retirement mortality				
+ 1 year	19.032	14.794	33.826	-3%
- 1 year	20.041	15.825	35.866	3%
Average retirement age				
- 1 year	21.469	15.308	36.777	6%
Continuation of membership at retirement				
- 10%	15.566	15.308	30.874	-11%

Sensitivity Analysis - Future Service and Interest Cost (Next Financial Year)

Assumption	Current Service Cost R m	Interest Cost R m	Total Cost R m	% change
Future Cost	1.430	3.550	4.980	
Health care inflation				
+ 1%	1.750	4.111	5.861	18%
- 1%	1.180	3.091	4.271	-14%
Discount rate				
+ 1%	1.201	3.408	4.609	-7%
- 1%	1.725	3.701	5.426	9%
Post-retirement mortality				
+ 1 year	1.393	3.444	4.837	-3%
- 1 year	1.467	3.656	5.123	3%
Average retirement age				
- 1 year	1.535	3.750	5.285	6%
Continuation of membership at retirement				
- 10%	1.131	3.137	4.268	-14%

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CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

These financial statements were audited by the Auditor-General of South Africa, who has issued an unqualified audit opinion.

	2020 R	2019 R
18 EMPLOYEE BENEFITS (CONTINUED)		
18.2 Long Service Awards		
The movement in Long Service Awards are reconciled as follows:		
Opening Balance	8 023 915	8 247 072
Contribution during the year	1 184 100	1 300 035
Current Service Cost	563 265	600 449
Interest Cost	620 835	699 586
Payments made	(630 936)	(621 122)
Actuarial (Gain)/Loss	65 921	(902 070)
Total balance at year-end	8 643 000	8 023 915
Less Current Portion	1 105 000	866 935
Total	7 538 000	7 156 980

The following members are eligible for long service bonuses:

	2020	2019
In-service members	372	363

The liability in respect of past service has been estimated to be as follows:

	2020 R	2019 R
In-service members	8 643 000	8 023 915
Total Unfunded Liability	8 643 000	8 023 915

The liability in respect of past service has been estimated to be as follows for years prior to the comparative year:

	2018 R	2017 R	2016 R
In-service members	8 247 072	7 302 571	6 995 996
Total Unfunded Liability	8 247 072	7 302 571	6 995 996

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CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

	2020 R	2019 R
18 EMPLOYEE BENEFITS (CONTINUED)		
Experience adjustments were calculated as follows:		
Liabilities: (Gain)/Loss	643 920	496 410
Assets: Gain/(Loss)	-	-

Experience adjustments were calculated as follows in years prior to the comparative year:

	2018 R	2017 R	2016 R
Liabilities: (Gain)/Loss	510 705	244 031	892 912
Assets: Gain/(Loss)	-	-	-

Key Actuarial Assumptions used are as follows:

Interest Rates

Discount rate	7.33%	8.17%
General Salary Inflation (long-term)	4.05%	5.56%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	3.15%	2.47%

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping"

Normal Retirement Age

It has been assumed that in-service members will retire at age 62 (2019 - 62), which then implicitly allows for expected rates of early and ill-health retirement.

Last Valuation

The last valuation was performed on 1 July 2020.

Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

1. The municipality is a local government entity established in terms of the Local Government: Municipal Systems Act, 1997 (Act No. 32 of 1997) and the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

	2020 R	2019 R
18 EMPLOYEE BENEFITS (CONTINUED)		
The amounts recognised in the Statement of Financial Performance are:		
Employee Related Cost - Current Service Cost	563 265	600 449
Finance Charges - Interest Cost	620 835	699 586
Actuarial Loss/(Gain)	65 921	(902 070)
Net amount charged to Statement of Financial Performance	1 250 021	397 965

Sensitivity Analysis - Liability at year-end

Assumption	Total liability R m	% change
Liability	8.643	
General salary inflation		
+ 1%	9.201	6%
- 1%	8.140	-6%
Discount rate		
+ 1%	8.118	-6%
- 1%	9.235	7%
Average retirement age		
- 2 years	7.405	-14%
+ 2 years	9.888	14%
Withdrawal rates		
x 200 %	7.041	-19%
x 50 %	9.782	13%

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

18 EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis - Future Service and Interest Cost (Next Financial Year)

Assumption	Current Service	Interest Cost	Total Cost	% change
	Cost R	R	R	
Future Cost	653 000	594 000	1 247 000	
General salary inflation				
+ 1%	709 000	635 000	1 344 000	8%
- 1%	605 000	557 000	1 162 000	-7%
Discount rate				
+ 1%	609 000	631 000	1 240 000	-1%
- 1%	705 000	550 000	1 255 000	1%
Average retirement age				
- 2 years	573 000	503 000	1 076 000	-14%
+ 2 years	727 000	685 000	1 412 000	13%
Withdrawal rates				
x 200 %	481 000	476 000	957 000	-23%
x 50 %	786 000	677 000	1 463 000	17%

18.3 Other Pension Benefits

	2020 R	2019 R
Defined Benefit Plans		
Council contributes to the following defined benefit plans:		
Consolidated Retirement Fund (former Cape Retirement Fund)	11 980 652	11 050 493
The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2019 revealed that the fund is in a sound financial position with a funding level of 124.9%. (Previous valuation on 30 June 2017 - 127.3%)		
Total	11 980 652	11 050 493

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

18 EMPLOYEE BENEFITS (CONTINUED)

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Consolidated Retirement Fund is a Multi Employer fund defined as a defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

Defined Contribution Plans

Council contributes to the following defined contribution plans:

	2020 R	2019 R
Municipal Councillors Pension Fund	162 623	158 634
SAMWU National Provident Fund	990 634	995 454
Total	1 153 257	1 154 088

The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

19 NON-CURRENT PROVISIONS

Rehabilitation Provision - Landfill Sites

Balance Previously Reported

Prior Period Adjustment - Refer to note 45.08

48 752 651

47 222 707

21 032 450

26 190 257

The movement in Rehabilitation Provision - Landfill Sites are reconciled as follows:

Opening Balance	47 222 707	42 938 547
Contribution during the year	1 529 944	4 284 160
Increase/(Decrease) in estimate	(2 021 146)	673 922
Interest Cost	3 551 090	3 610 238
Total balance at year-end	48 752 651	47 222 707
Less Current Portion	-	-
Total	48 752 651	47 222 707

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

		2020	2019
		R	R
19	NON-CURRENT PROVISIONS (CONTINUED)		
	The total obligation at year-end can be attributed to the following sites:		
Site	Expected Rehabilitation date		
Bredasdorp	2064	5 334 193	7 145 101
Napier	2024	19 009 761	17 319 313
Waenhuiskrans	2024	3 637 001	3 386 866
Struisbaai	2025	16 121 185	15 039 619
L'Agulhas	2024 (Site Closed)	4 650 511	4 331 808
Total		48 752 651	47 222 707

Environmental Specialists were utilised to determine the cost of rehabilitation of landfill sites.

	2020	2019
Bredasdorp	78 813	78 813
Napier	40 810	40 810
Waenhuiskrans	4 500	4 500
Struisbaai	33 952	33 952
L'Agulhas	5 603	5 603

Bredasdorp	424	380
Napier	505	459
Waenhuiskrans	877	814
Struisbaai	526	479
L'Agulhas	901	836

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

Notes to the Financial Statements for the Year Ending 30 June 2020

	2020 R	2019 R
20 RESERVES		
Accumulated Surplus	386 883 181	358 520 121
Capital Replacement Reserve	35 000 000	35 000 000
Total	421 883 180	393 520 121
21 PROPERTY RATES		
Total Property Rates	71 989 196	66 941 219
Less: Rebates	(791 125)	(834 562)
Total	71 198 071	66 106 657
Property rate levied are based on the following rateable valuations:		
Residential	6 804 474 100	6 720 145 100
Business & Commercial	567 141 100	560 392 100
Industrial	71 824 000	71 824 000
Public benefit Organizations	64 630 000	63 070 000
Public Service Infrastructure	9 092 000	8 792 000
State-owned	487 896 000	491 146 000
Agricultural	3 124 593 000	3 097 553 000
Municipal Property	246 280 950	243 359 950
Vacant Land	592 014 600	604 388 600
Other	132 086 000	127 681 000
Total Valuation	12 100 031 750	11 988 351 750

Historically, valuations on land and buildings were performed every four years. The next general valuation will be implemented on 1 July 2022 after which the valuations will be performed every 5 years.

The last valuation came into effect on 1 July 2017. This resulted in new rating categories and tariffs being implemented in line with the Property Rates Act.

The first R 15 000 of the valuation on properties used only for residential purposes are exempted from property rates in terms of the Property Rates Act.

	2020	2019
The following rates are applicable to the valuations above:		
Residential Developed	0.007749 c / R	0.007209 c / R
Residential Vacant	0.007749 c / R	0.007209 c / R
Business and Commercial	0.008437 c / R	0.007776 c / R
Industrial	0.008437 c / R	0.007776 c / R
Public Benefit Organisations	0.007412 c / R	0.006895 c / R
State Owned	0.008437 c / R	0.007776 c / R
Agricultural - Bona fide	0.001938 c / R	0.001803 c / R

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CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

Notes to the Financial Statements for the Year Ending 30 June 2020

	2020	2019
21 PROPERTY RATES (CONTINUED)		
Public Service Purpose	0.007412 c / R	0.006895 c / R
Public Service Infrastructure	0.001938 c / R	0.001803 c / R
Private Open Space	0.007749 c / R	0.007209 c / R
Private Road	0.007749 c / R	0.007209 c / R
Private Township Area	0.007749 c / R	0.007209 c / R
Protected Area	0.007749 c / R	0.007209 c / R
Multi Purpose - Agricultural	0.001938 c / R	0.001803 c / R
Multi Purpose - Residential	0.007749 c / R	0.007209 c / R
Multi Purpose - Business and Commercial	0.008437 c / R	0.007776 c / R
Multi Purpose - Creche	0.008437 c / R	0.007776 c / R

Rates are levied annually and monthly. Monthly rates are payable by the last day of the following month and annual rates are payable before 31 October. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but in terms of Council's own policy opted not to collect it.

	2020 R	2019 R
22 GOVERNMENT GRANTS AND SUBSIDIES		
Unconditional Grants - National Government	29 908 000	27 606 000
Equitable Share	29 908 000	27 606 000
Conditional Grants - National Government	21 273 322	24 949 872
Financial Management Grant (FMG)	1 550 000	1 550 000
Municipal Infrastructure Grant (MIG)	11 005 000	13 874 000
Skills Development Fund and SETA Bursaries	680 322	1 384 872
National Electrification Programme (INEP)	-	2 000 000
Energy Efficiency and Demand-side (EEDM)	6 000 000	5 000 000
Expanded Public Works Program (EPWP)	1 740 000	1 141 000
Disaster Relief (COVID 19)	298 000	-
Conditional Grants - Provincial Government	12 877 795	9 315 616
Library Grant	6 003 000	6 910 000
Proclaimed Road Subsidy	62 400	-
Other Provincial Allocations	6 812 395	2 405 616
Total	64 059 117	61 871 488
Disclosed as:		
Government Grants and Subsidies - Capital	19 120 254	20 682 357
Government Grants and Subsidies - Operating	44 938 863	41 189 131
Total	64 059 117	61 871 488

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

1. The following table shows the movement in the Government Grants and Subsidies for the year ending 30 June 2020.

	2020 R	2019 R
22 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)		
Grants per Vote (MFMA Sec 123 (c)):		
Equitable share	29 908 000	27 606 000
Engineering Services	18 539 400	21 193 458
Executive and Council	5 514 717	2 813 974
Financial Services & ICT	3 372 000	2 250 720
Management Services	6 725 000	8 007 336
Total	64 059 117	61 871 488

The movements per grant can be summarised as follows:

22.01 Equitable Share

Grants Received	29 908 000	27 606 000
Transferred to Revenue - Operating	(29 908 000)	(27 606 000)
Closing Unspent Balance	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

22.02 Financial Management Grant (FMG)

Grants Received	1 550 000	1 550 000
Transferred to Revenue - Capital	-	(250 000)
Transferred to Revenue - Operating	(1 550 000)	(1 300 000)
Closing Unspent Balance	-	-

The Financial Management Grant is a conditional grant to assist municipalities in the implementation of financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The grant also utilised to cover expenditure relating to the Financial Management Internship Programme.

22.03 Municipal Infrastructure Grant (MIG)

Grants Received	11 005 000	13 874 000
Transferred to Revenue - Capital	(9 126 513)	(12 511 076)
Transferred to Revenue - Operating	(1 878 487)	(1 362 924)
Closing Unspent Balance	-	-

The MIG grant is a conditional grant used to upgrade infrastructure in the municipal area with the main focus on previously disadvantaged areas.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

Notes to the Financial Statements for the Year Ending 30 June 2020

	2020 R	2019 R
22 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)		
22.04 Skills Development Fund and SETA Bursaries		
Opening Unspent Balance	208 872	-
Grants Received	476 976	1 593 744
Transferred to Revenue - Operating	(680 322)	(1 384 872)
Closing Unspent Balance	5 526	208 872
The Skills Development fund (including SETA allocations) is utilised to cover expenditure relating to training and bursary beneficiaries defined.		
22.05 National Electrification Programme (INEP)		
Grants Received	-	2 000 000
Transferred to Revenue - Capital	-	(1 825 847)
Transferred to Revenue - Operating	-	(174 153)
Closing Unspent Balance	-	-
The INEP grant is a conditional grant to provide capital subsidies to municipalities to address the electrification backlog of occupied residential dwellings and the installation of bulk infrastructure.		
22.06 Energy Efficiency and Demand-side (EEDM)		
Grants Received	6 000 000	5 000 000
Transferred to Revenue - Capital	(5 160 000)	(4 781 453)
Transferred to Revenue - Operating	(840 000)	(218 547)
Closing Unspent Balance	-	-
The Energy Efficiency and Demand-side Management funding program is aimed at promoting the implementation of more energy-efficient technologies, processes and behaviours amongst all electricity consumers.		
22.07 Expanded Public Works Program (EPWP)		
Grants Received	1 740 000	1 141 000
Transferred to Revenue - Operating	(1 740 000)	(1 141 000)
Closing Unspent Balance	-	-
The EPWP grant is a conditional grant to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas in compliance with the EPWP guidelines.		

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

Notes to the Financial Statements for the Year Ending 30 June 2020

	2020 R	2019 R
22 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)		
22.08 Disaster Relief (COVID 19)		
Grants Received	298 000	-
Transferred to Revenue - Operating	(298 000)	-
Closing Unspent Balance	-	-
This grant was utilised for the purchase of personal protective equipment and other materials in the fight against the COVID-19 pandemic.		
22.09 Library Grant		
Grants Received	6 003 000	6 910 000
Transferred to Revenue - Capital	-	(71 950)
Transferred to Revenue - Operating	(6 003 000)	(6 838 050)
Closing Unspent Balance	-	-
The library grants is utilised to fund the cost of providing library services within the municipal area.		
22.10 Proclaimed Road Subsidy		
Grants Received	62 400	-
Transferred to Revenue - Operating	(62 400)	-
Closing Unspent Balance	-	-
The subsidy is utilised to upgrade and maintain the provincial road network in the municipal area.		
22.11 Other Provincial Allocations		
Opening Unspent Balance	861 844	400 460
Grants Received	6 237 000	2 867 000
Transferred to Revenue - Capital	(4 833 741)	(1 242 031)
Transferred to Revenue - Operating	(1 978 654)	(1 163 585)
Closing Unspent Balance	286 449	861 844
Other Provincial Allocations includes grants such as:		
- Community Development Workers (CDW)		
- Provincial Finance Management Support Grant		
- Humanitarian Relief Grant (COVID 19)		
- Regional Socio-Economic Project Grant (RSEP)		
- Department of Environmental Affairs and Tourism Grant		

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CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

Notes to the Financial Statements for the Year Ending 30 June 2020

	2020 R	2019 R
22 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)		
22.12 Total Grants		
Opening Unspent Balance	1 070 716	400 460
Grants Received	63 280 376	62 541 744
Transferred to Revenue - Capital	(19 120 254)	(20 682 357)
Transferred to Revenue - Operating	(44 938 863)	(41 189 131)
Closing Unspent Balance	291 975	1 070 716
23 PUBLIC CONTRIBUTIONS AND DONATIONS		
Mayoral Golf Day	48 700	39 140
COVID 19 Fund	141 330	-
Youth Worker	-	8 000
Total	190 030	47 140
Disclosed as:		
Public Contributions and Donations - Operating	190 030	47 140
Total	190 030	47 140
The movements per public contribution can be summarised as follows:		
23.01 Mayoral Golf Day		
Opening Unspent Balance	78 086	60 519
Public Contributions during the year	77 181	56 707
Transferred to Revenue - Operating	(48 700)	(39 140)
Closing Unspent Balance	106 567	78 086
The public contribution relates to Mayoral Charity Golf Days held in Bredasdorp during March every year since 2016. The funds raised at the event will be utilised to support Youth Development programmes in the municipal area.		
23.02 COVID 19 Fund		
Public Contributions during the year	141 330	-
Transferred to Revenue - Operating	(141 330)	-
Closing Unspent Balance	-	-
The contributions received was utilised to provide humanitarian relief to the community in the municipal area during the COVID 19 pandemic.		

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CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

	2020 R	2019 R
23 PUBLIC CONTRIBUTIONS AND DONATIONS (CONTINUED)		
23.03 Youth Worker		
Opening Unspent Balance	-	6 000
Public Contributions during the year	-	2 000
Transferred to Revenue - Operating	-	(8 000)
Closing Unspent Balance	-	-
Public contribution by Realty 1, Struisbaai to support the monthly payment of salary in terms of one youth worker at Struisbaai aligned with Council's vision to support Youth Development in the Cape Agulhas area.		
23.04 Total		
Opening Unspent Balance	78 086	66 519
Public Contributions during the year	218 511	58 707
Transferred to Revenue - Operating	(190 030)	(47 140)
Closing Unspent Balance	106 567	78 086
24 CONTRIBUTED ASSETS		
Department of Water and Sanitation	75 000	-
Department of Rural Development and Land Reform	1 929 248	-
Department of Arts and Culture	42 887	-
Total	2 047 134	-
25 FINES		
Traffic Fines	8 623 482	17 545 332
Library Fines	19 437	29 315
Total	8 642 918	17 574 647
In terms of the requirements of GRAP 23 and IGRAP1, all fines issued during the year less any cancellations or reductions identified are recognised as revenue.		
26 ACTUARIAL GAINS		
Post Retirement Medical Benefits	8 209 234	13 646 847
Long Service Awards	-	902 070
Total	8 209 234	14 548 917

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

	2020 R	2019 R
27 SERVICE CHARGES		
Electricity Revenue	122 224 269	109 586 813
Water Revenue	31 807 429	28 997 041
Refuse Removal Revenue	26 140 343	23 306 962
Sewerage and Sanitation Revenue	17 339 157	14 450 830
Total Revenue	197 511 198	176 341 646
Less: Rebates	(15 014 755)	(10 334 660)
Water Revenue	(4 356 282)	(2 952 012)
Refuse Removal Revenue	(6 288 822)	(4 641 149)
Sewerage and Sanitation Revenue	(4 369 650)	(2 741 500)
Total	182 496 443	166 006 985
Rebates can be defined as any income that the Municipality is entitled to levy, but in terms of Council's own policy opted not to collect it.		
28 RENTAL OF FACILITIES AND EQUIPMENT		
Halls and Offices	140 931	326 346
Properties	2 182 232	1 407 223
Resorts	6 338 197	6 789 424
Sports Grounds	6 504	7 955
Total	8 667 864	8 530 947
29 INTEREST EARNED - OUTSTANDING DEBTORS		
Interest Earned - Service Debtors	1 042 663	1 771 484
Interest Earned - Penalty Interest on Property Rates	338 185	610 697
Total	1 380 847	2 382 181
30 LICENCES AND PERMITS		
Roadworthy Certificates	35 755	66 307
Roadworthy Applications	180 398	306 081
Driver Licences	496 194	821 731
Business Licences	9 396	9 657
Total	721 743	1 203 775
31 AGENCY SERVICES		
Vehicle Licencing	1 346 274	1 414 187
Vehicle Registrations	535 069	583 787
Temporary and Special Licences	15 228	17 898
Duplicate Vehicle Registrations	54 441	71 042
Total	1 951 011	2 086 914

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

	2020 R	2019 R
31 AGENCY SERVICES (CONTINUED)		
The Municipality acts as an agent for the Department of Transport and Public Works and manages the issuing of vehicle registrations and licencing, Temporary and Special Licences and the issuing of Duplicate Vehicle Licences. The municipality earns an agency fee (12% on Vehicle Licences and 100% on all other collections) in this regard. The following transactions occurred during the period under review:		
Collections payable to the Department at beginning of year	144 636	219 557
Revenue collected from third parties	12 878 403	13 656 831
Agency Fee Earned	(1 951 011)	(2 086 914)
VAT on Agency Fee Earned	(294 532)	(313 038)
Collections paid over to The Department	(10 299 864)	(11 331 800)
Collections payable to the Department at end of year	477 631	144 636
32 OTHER INCOME		
Connections - Electricity	1 455 945	1 577 253
Connections - Water	677 639	765 473
Connections - Sewer	155 784	244 233
Building Plan Fees	1 379 175	1 742 023
Garden Refuse Removal	12 502	14 949
Infrastructure Levy	4 298 494	-
Sundry Income	2 450 700	3 366 934
Total	10 430 238	7 710 865

Sundry income represents a wide range of revenue items (such as payroll commission, tender deposits, , burial fees, copies and faxes) which is not considered material to warrant separate disclosure in the financial statements.

The Infrastructure levy relates to a nominal charge per consumer during the year to cover the interest and capital repayments of borrowing utilised in the construction of infrastructure and other capital projects.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

Notes to the Financial Statements for the Year Ending 30 June 2020

	2020 R	2019 R
33 EMPLOYEE RELATED COSTS		
Basic Salaries and Wages	94 458 916	85 828 881
Pension and UIF Contributions	14 392 516	13 319 373
Medical Aid Contributions	5 024 121	4 552 904
Performance Bonus	486 308	223 199
Overtime	4 737 886	4 166 459
Motor Vehicle Allowance	6 022 071	5 876 906
Cellphone Allowance	495 376	452 150
Housing Allowances	1 032 746	1 074 654
Acting Allowance	509 315	579 721
Other benefits and allowances	4 835 528	4 163 041
Workmens Compensation Contributions	664 681	559 663
Payments in lieu of leave	2 795 306	1 300 470
Long service awards	563 265	600 449
Post Retirement Medical Benefits	1 715 541	2 509 799
Total	137 733 576	125 207 668

The total employee related cost includes temporary workers funded from the Expanded Public Works Programme Grant, Financial Management Grant, Municipal Infrastructure Grant and internal funded job creation programmes over the festive season.

Remuneration of Key Personnel

All Managers are appointed on a 5-year contract, except for the current Director Infrastructure Services (Mr A Jacobs) who is appointed on a 10 year contract. There are no post-employment or termination benefits payable to them at the end of the contract period. The benefits are as follows:

Remuneration of the Municipal Manager - D O'Neill (16/08/2017 to 31/07/2022)

Basic Salary	1 501 193	1 504 251
Pension and UIF Contributions	1 785	1 785
Medical Aid Contributions	53 908	50 342
Performance Bonus	175 938	124 834
Motor Vehicle Allowance	72 000	72 000
Cellphone Allowance	18 000	18 000
Payments in lieu of leave	22 227	38 898
Other benefits and allowances	37 756	29 009
Other Expenditure Reimbursed	78 376	67 826
Total	1 961 184	1 906 945

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

33

EMPLOYEE RELATED COSTS (CONTINUED)

	2020 R	2019 R
Remuneration of the Community Services Manager - KM Mrali (01/08/2013 to 31/10/2018)		
Basic Salary	-	283 913
Pension and UIF Contributions	-	54 733
Medical Aid Contributions	-	16 597
Motor Vehicle Allowance	-	12 000
Payments in lieu of leave	-	7 667
Other benefits and allowances	-	18 173
Other Expenditure Reimbursed	-	3 946
Total	-	397 029
Remuneration of the Community Services Manager - H Krohn (01/07/2019 to 30/06/2029)		
Basic Salary	845 548	-
Pension and UIF Contributions	1 785	-
Motor Vehicle Allowance	60 000	-
Cellphone Allowance	16 200	-
Total	923 533	-
Remuneration of the Civil Engineering Services Manager - AA Jacobs (20/06/2018 to 30/06/2028)		
Basic Salary	1 017 470	975 523
Pension and UIF Contributions	1 785	14 760
Performance Bonus	72 936	-
Cellphone Allowance	16 200	16 200
Other benefits and allowances	-	1 132
Other Expenditure Reimbursed	43 267	56 228
Total	1 151 659	1 063 842
Remuneration of the Chief Financial Officer - PJ Van Biljon (01/08/2017 to 31/07/2022)		
Basic Salary	1 172 880	1 172 880
Pension and UIF Contributions	1 785	1 785
Medical Aid Contributions	53 484	50 342
Performance Bonus	103 430	100 908
Motor Vehicle Allowance	120 000	120 000
Cellphone Allowance	14 400	14 400
Payments in lieu of leave	41 538	-
Other Expenditure Reimbursed	24 653	22 044
Total	1 532 170	1 482 358

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CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

		2020 R	2019 R
34	REMUNERATION OF COUNCILLORS		
	Councillor Allowance	3 252 263	3 095 276
	Cellphone Allowance	488 400	488 400
	Motor Vehicle Allowance	1 291 026	1 241 999
	Pension Contributions	558 411	537 936
	Medical Aid Contributions	41 624	77 638
	Total	5 631 724	5 441 248
	In-kind Benefits		
	The Executive Mayor, Deputy Executive Mayor, Speaker and one mayoral committee member are full-time. They are provided with secretarial support and an office each at the cost of the Council.		
	Remuneration per Councillor		
	Executive Mayor P J Swart	901 545	869 876
	Executive Deputy Mayor Z Tonisi	730 117	704 782
	Speaker J G A Niewoudt	730 341	705 147
	Councillor - Mayoral Committee G D Burger	687 819	663 850
	Councillor - Mayoral Committee M October	687 296	663 508
	Councillor - Part time D Jantjies	315 890	305 777
	Councillor - Part time E C Marthinus	315 890	305 777
	Councillor - Part time E Sauls	315 655	305 633
	Councillor - Part time C J Jacobs	315 655	305 633
	Councillor - Part time R J Baker	315 655	305 633
	Councillor - Part time D J Europa	315 863	305 633
	Total	5 631 724	5 441 248
35	DEBT IMPAIRMENT		
	Receivables from exchange transactions	12 055 419	7 812 003
	Receivables from non-exchange transactions	7 887 996	14 560 690
	Long Term Receivables	668 138	1 418 781
	Total Debt Impairment	20 611 553	23 791 475
	Movement in VAT included in debt impairment	(750 799)	(320 404)
	Total	19 860 753	23 471 071
36	DEPRECIATION AND AMORTISATION		
	Investment Property	8 530	8 530
	Property, Plant and Equipment	14 476 494	13 041 580
	Intangible Assets	717 906	554 738
	Total	15 202 929	13 604 848

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

The following table shows the reclassification of the expenditure from the Statement of Financial Performance to the Statement of Financial Position for the year ending 30 June 2020.

	2020 R	2019 R
37 IMPAIRMENTS		
Property, Plant and Equipment	4 387	-
Total	4 387	-

38 REPAIRS AND MAINTENANCE

The Accounting Standards Board (ASB) issued a FAQ which states that the line item "Repairs and Maintenance" is no longer permitted in the Statement of Financial Performance, and that the said expenditure should be reclassified by its nature. Accordingly, the items were reclassified to the following line items.

Employee Related Costs	40 875 053	38 721 533
Contracted Services	8 095 025	10 380 103
Other Expenditure	7 982 077	7 187 958
	56 952 154	56 289 594

In line with the requirements of GRAP 17, the repairs and maintenance related expenditure can be attributed to the following asset classes:

Furniture, Office Equipment and Tools	624 202	721 411
Buildings and Commonage	12 768 683	13 115 442
Computer Software	1 664 954	1 735 119
Vehicles	3 387 167	3 660 753
Infrastructure: Roads and Stormwater	11 325 319	10 161 833
Infrastructure: Electricity	7 377 669	7 526 239
Infrastructure: Sewerage	6 792 591	6 924 304
Infrastructure: Water	11 655 277	11 104 837
Infrastructure: Refuse	1 356 293	1 339 656
Total	56 952 154	56 289 594

Balance Previously Reported	57 206 281
Prior Period Adjustment	(916 687)
Restated disclosure on 30 June 2019	56 289 594

The prior year disclosure were reviewed to include/exclude (especially Computer Software) which are not considered maintenance related. Also refer to note 45.09 for more detail relating to restatements.

39 ACTUARIAL LOSSES

Long Service Awards	65 921	-
Total	65 921	-

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

		2020 R	2019 R
40	FINANCE CHARGES		
	Finance Charges - Cash	3 091 359	1 856 421
	Annuity Loans	3 091 359	1 856 421
	Finance Charges - Non-Cash	7 763 721	8 848 485
	Rehabilitation Provision - Landfill Sites	3 551 090	3 610 238
	Post Retirement Medical Benefits	3 591 796	4 538 661
	Long Service Awards	620 835	699 586
	Total	10 855 080	10 704 907
41	BULK PURCHASES		
	Electricity	89 050 774	76 582 732
	Water	280 072	177 960
	Total	89 330 846	76 760 692
42	CONTRACTED SERVICES		
	Audit Committee	85 676	111 552
	Builders	-	1 273 739
	Clearing & Grass Cutting Services	6 362	21 200
	Debt Collection Services	236 412	106 824
	Electrical	577 524	960 137
	Fire Services	1 250 000	1 007 950
	Information Technology Support	3 739 932	3 390 989
	Legal fees	352 810	448 143
	Maintenance Contractors	6 322 354	8 557 083
	Professional Services	6 131 432	4 538 967
	Property Valuation	119 920	96 951
	Refuse Removal	3 688 970	2 488 799
	Security Services	1 010 348	606 466
	Traffic Fine Management	1 084 629	1 404 742
	Total	24 606 371	25 013 541
43	TRANSFERS AND GRANTS		
	Contribution - Elim Community	912 000	268 544
	Contribution - Kassiebaai Community	-	60 000
	Contribution - Shipwreck Museum	70 000	45 652
	Contribution - Overberg Radio	120 000	-
	Contribution - Ons Huis	50 000	50 000
	Contribution - Save House	124 870	100 000
	Public Funded Grants	72 007	39 140
	COVID Support	2 101 587	-
	Subsidy - Low Cost Housing	4 664	17 633
	Total	3 455 128	580 970

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

44		2020	2019
	OTHER EXPENDITURE	R	R
	Advertising	202 354	298 714
	Audit fees	3 257 511	3 119 129
	Bank Charges	1 247 948	1 139 285
	Bursaries	1 022 699	1 668 840
	Chemicals	2 848 652	2 429 055
	Cleaning material	298 096	265 557
	Cleaning services & washing	71 602	98 872
	Commission Paid	1 317 167	1 680 528
	Conferences & Seminars	49 285	80 385
	Donations	128 700	124 000
	Entertainment costs	206 226	193 161
	Equipment Hire	327 684	269 524
	Free Basic Electricity	402 834	416 932
	Fuel Cost	3 441 688	3 433 089
	Insurance	1 162 654	987 419
	License fees	12 277	4 280
	License fees - Vehicles	224 026	173 877
	Life Guards (Beaches)	335 179	350 405
	Local Economic Development	-	106 188
	Maintenance Materials and Small Tools	4 256 786	3 351 368
	Marketing	762 025	625 821
	Oil & Lubricants	85 576	78 725
	Postage	674 113	751 537
	Printing & Stationery	613 073	791 991
	Protective Clothing	611 810	501 848
	Public Communication	94 506	42 016
	Recruiting Costs	7 299	12 394
	Refuse Bags	392 015	577 380
	Rental Paid	1 070 712	818 571
	Service Charges	1 279 019	1 036 027
	Service connections - new	209 642	143 732
	Shared Services - Risk Management	43 149	79 200
	Social Assistance	-	33 759
	Socio-Economic Development	113 696	230 242
	Structure - & Zoning planning	31 678	182 830
	Subscriptions - Organisations	1 361 209	1 203 744
	Subsistence & Travel Allowances	1 130 337	1 330 699
	Telephone costs	2 222 621	1 395 103
	Training & Development - Staff	1 126 428	1 939 170
	Training Levy	925 870	1 007 447
	Tyres	136 214	260 876
	Union Representative	32 490	32 522
	Ward Committees	147 172	96 961
	Other	1 993 866	2 355 541
	Total	35 877 889	35 718 742

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

Notes to the Financial Statements for the Year Ending 30 June 2020

2019
R

45 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR IN TERMS OF GRAP 3

45.01 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Balance previously reported 25 059 661

Receivables with Repayment Arrangements incorrectly included as part of current debtors instead of Long Term Receivables - Refer to note 45.03

Effect on Other Services (Gross Receivable)	(2 768 483)
Effect on Other Services (Allowance for Impairment)	2 768 483

Government Debt incorrectly impaired up to 30 June 2018 - Refer to note 45.07 342 432

Effect on Electricity	30 023
Effect on Water	21 836
Effect on Refuse	17 701
Effect on Sewerage	38 114
Effect on Other Services	234 758

Government Debt incorrectly impaired during 2018/19 - Refer to note 45.09 17 621

Effect on Electricity	(6 751)
Effect on Water	(2 374)
Effect on Refuse	1 789
Effect on Sewerage	8 252
Effect on Other Services	16 704

Restated Balance on 30 June 2019 25 419 714

45.02 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Balance previously reported 8 020 868

Government Debt incorrectly impaired up to 30 June 2018 (Rates) - Refer to note 45.08 868 821

Government Debt incorrectly impaired during 2018/19 - Refer to note 45.09 233 729

Restated Balance on 30 June 2019 9 123 417

45.03 LONG-TERM RECEIVABLES

Balance previously reported 184 455

Receivables with Repayment Arrangements incorrectly included as part of current debtors instead of Long Term Receivables - Refer to note 45.01

Effect on Receivables with Repayment Arrangements (Gross Receivable)	2 768 483
Effect on Receivables with Repayment Arrangements (Allowance for Impairments)	(2 768 483)

Restated Balance on 30 June 2019 184 455

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

Financial statements for the year ending 30 June 2020 are presented in accordance with the accounting policy adopted by the Municipality.

2019

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PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)

45

45.04 PROPERTY PLANT AND EQUIPMENT

Balance previously reported

375 287 463

Inappropriate decommissioning dates allocated to landfill sites affecting both current values of provisions as well as capitalised asset values.

(1 167 072)

Effect on 30 June 2018 - Refer to note 45.08

(87 131)

Cost

17 966 079

Accumulated Depreciation

(18 320 128)

Accumulated Impairment

266 917

Effect on Additions during 2018/19 - Refer to note 45.07

(293 557)

Effect on Depreciation during 2018/19 - Refer to note 45.09

(786 384)

Recognise infrastructure relating to housing projects previously not recognised up to 30 June 2018 - Refer to note 45.08

31 703 934

Effect on Roads and Storm water (Cost)

21 707 805

Effect on Sewerage Network (Cost)

4 676 884

Effect on Water Network (Cost)

5 335 052

Effect on Roads and Storm water (Accumulated Depreciation)

(14 125)

Effect on Sewerage Network (Accumulated Depreciation)

(513)

Effect on Water Network (Accumulated Depreciation)

(1 169)

Recognise depreciation relating to housing projects previously not recognised during 2018/19 - Refer to note 45.09

(678 027)

Effect on Roads and Storm water (Depreciation)

(524 557)

Effect on Sewerage Network (Depreciation)

(46 769)

Effect on Water Network (Depreciation)

(106 701)

Restated Balance on 30 June 2019

405 146 297

45.05 PAYABLES FROM EXCHANGE TRANSACTIONS

Balance previously reported

32 576 327

Recognise payables previously not recorded on 30 June 2019 - Refer to note 45.09

16 972

Restated Balance on 30 June 2019

32 593 299

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CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

Notes to the Financial Statements for the Year Ending 30 June 2020

	2019 R
45 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)	
45.06 TAXES	
Balance previously reported	1 625 683
VAT incorrectly not claimed on Syntell Commission paid	(269 536)
Effect up to 30 June 2018 - Refer to note 45.08	(118 397)
Effect during 2018/19 - Refer to note 45.09	(151 138)
Government Debt incorrectly impaired up to 30 June 2018 - Refer to note 45.08	15 150
Government Debt incorrectly impaired during 2018/19 - Refer to note 45.09	510
Restated Balance on 30 June 2019	1 371 806
45.07 NON-CURRENT PROVISIONS	
Balance previously reported	21 032 450
Inappropriate decommissioning dates allocated to landfill sites affecting both current values of provisions as well as capitalised asset values.	26 190 257
Effect on 30 June 2018 - Refer to note 45.08	25 175 275
Effect on additions during 2018/19 - Refer to note 45.04	(293 557)
Effect on Statement of Financial Performance - Refer to note 45.09	1 308 539
Restated Balance on 30 June 2019	47 222 707
45.08 ACCUMULATED SURPLUS	
Balance previously reported	353 152 038
Corrections relating to 2018/2019 - Refer to note 45.09	(2 387 944)
Corrections up to 30 June 2018	
VAT incorrectly not claimed on Syntell Commission paid - Refer to note 45.06	118 397
Inappropriate decommissioning dates allocated to landfill sites affecting both current values of provisions as well as capitalised asset values.	(25 262 406)
Effect on Property Plant and Equipment - Refer to note 45.04	(87 131)
Effect on Non-Current Provisions - Refer to note 45.07	(25 175 275)
Recognise infrastructure relating to housing projects previously not recognised up to 30 June 2018 - Refer to note 45.04	31 703 934
Government Debt incorrectly impaired up to 30 June 2018	1 196 103
Effect on Receivables from Exchange Transactions - Refer to note 45.01	342 432
Effect on Receivables from Non-Exchange Transactions - Refer to note 45.02	868 821
Effect on Taxes - Refer to note 45.06	(15 150)
Restated Balance on 30 June 2019	358 520 121

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

Financial Statements for the year ending 30 June 2020, as audited by the Auditor-General of South Africa, are available on the website of the Auditor-General of South Africa.

2019

R

45 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)

45.09 STATEMENT OF FINANCIAL PERFORMANCE

Surplus previously reported	44 379 140
VAT incorrectly not claimed on Syntell Commission paid - Refer to note 45.06	151 138
Recognise payables previously not recorded on 30 June 2019 - Refer to note 45.05	(16 972)
Inappropriate decommissioning dates allocated to landfill sites affecting both current values of provisions as well as capitalised asset values.	(2 094 923)
Effect on Depreciation - Refer to note 45.04	(786 384)
Effect on Finance Charges - Refer to note 45.07	(1 855 227)
Effect on Other Revenue - Refer to note 45.07	546 688
Recognise depreciation relating to housing projects previously not recognised during 2018/19 - Refer to note 45.04	(678 027)
Government Debt incorrectly impaired during 2018/19	250 840
Effect on Receivables from Exchange Transactions - Refer to note 45.01	17 621
Effect on Receivables from Non-Exchange Transactions - Refer to note 45.02	233 729
Effect on Taxes - Refer to note 45.06	(510)
Agency Fees incorrectly included in Licences and Permits (Temporary and Special Licences and Duplicate Vehicle Registrations)	-
Effect on Licences and Permits	(88 940)
Effect on Agency services	88 940
Consumables incorrectly included as part of IT contracted services	-
Effect on Contracted Services	27 019
Effect on Other Expenditure	(27 019)
Maintenance materials incorrectly included as part of Contracted Services	-
Effect on Contracted Services	1 999 744
Effect on Other Expenditure	(1 999 744)
Restated Surplus on 30 June 2019	41 991 196

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CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

46

NET CASH FROM OPERATING ACTIVITIES

Net Surplus for the year

Adjusted for:

Non-Cash Revenue

Actuarial Gains

Gain on Disposal of PPE

Decrease in Landfill Site Provision

Contributed Assets

Non-Cash Expenditure

Debt Impairment

Depreciation and Amortisation

Impairments

Actuarial losses

Finance Charges

Loss on disposal of PPE

Contributions - Provisions and Employee Benefits

Post Retirement Medical Benefits

Long Service Awards

Performance Bonuses

Bonuses

Staff Leave

Expenditure - Provisions and Employee Benefits

Post Retirement Medical Benefits

Long Service Awards

Performance Bonuses

Bonuses

Staff Leave

Other adjustments

Bad Debts Written Off

Movement on Operating Lease Asset

Movement on Operating Lease Liability

Operating Surplus before changes in working capital

Movement in working capital

Receivables (Exchange and Non-Exchange)

Inventory

Payables from exchange transactions

Unspent Conditional Government Grants

Unspent Public Contributions

Taxes

Cash Flow from Operating Activities

2020

R

28 363 059

(15 310 274)

(8 209 234)

(5 053 906)

-

(2 047 134)

43 295 474

19 860 753

15 202 929

4 387

65 921

7 763 721

397 763

12 380 892

1 715 541

563 265

486 308

6 820 472

2 795 306

(9 385 606)

(1 084 792)

(630 936)

(352 305)

(6 548 377)

(769 196)

(18 614 889)

(18 611 000)

(6 391)

2 502

40 728 656

(9 672 902)

(10 392 678)

(274 402)

2 987 187

(778 741)

28 481

(1 242 750)

31 055 754

2019

R

41 991 196

(20 762 663)

(14 548 917)

(5 374 242)

(839 504)

-

46 093 114

23 471 071

13 604 848

-

-

8 848 485

168 710

10 941 306

2 509 799

600 449

223 199

6 307 389

1 300 470

(8 734 301)

(1 097 604)

(621 122)

(225 742)

(6 117 357)

(672 476)

(13 629 185)

(13 618 316)

(25 543)

14 675

55 899 467

(384 144)

(9 351 756)

(354 437)

7 844 265

670 256

11 567

795 961

55 515 323

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CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

Financial statements for the year ending 30 June 2020 are presented in accordance with the requirements of the Municipal Finance Management Act (MFMA) and the National Treasury Regulations.

	2020 R	2019 R
47 CASH AND CASH EQUIVALENTS		
Cash and Cash Equivalents comprise out of the following:		
Primary Bank Account	49 235 916	25 468 502
Call and Notice Deposits	23 789 000	58 254 000
Cash Floats	16 368	16 368
Total	73 041 284	83 738 870

Refer to note 2 for more details relating to cash and cash equivalents.

48 BUDGET COMPARISONS

48.1 COMPARABLE BASIS

Differences were identified between the disclosure requirements in terms of GRAP and the reporting requirements in terms of National Treasury budget formats

The following items are affected by these classification differences:

Statement of financial position

Consumer Debtors consist out of both Receivables from Exchange Transactions as well as the Rates Receivable.

Other Receivables incorporate all other current receivable balances not specifically provided for in the National Treasury formats.

Trade and Other Payables incorporates Payable from exchange transactions, Unspent grants, Unspent public contributions, Taxes and Operating lease liabilities.

Employee Benefits and Provisions (Current and Non-Current) are included under the provisions line item in the budget statements.

Statement of financial performance

The statement of financial performance is comparable on a line by line basis except for the following items as well as the items highlighted in the reasons for deviations:

The budget statements does not provide for all the different revenue classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Revenue in the budget statement. Other revenue per budget statement consist out of the following line items - Public Contributions and donations, Other Income, Actuarial Gains and Insurance Receipts.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

Financial Statements for the year ending 30 June 2020

48 BUDGET COMPARISONS (CONTINUED)

Depreciation and Amortisation and Impairments are aggregated on the budget statements while it is shown separately on the Statement of Financial Performance

The budget statements does not provide for all the different expenditure classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Expenditure in the budget statement. Other Expenditure per budget statement consist out of the following line items - Other Expenditure and Materials and Actuarial Losses.

Cash Flow Statement

The Cash Flow Statement is presented on a comparable basis.

48.2 MATERIAL VARIANCES

Statement of financial position - Budget Adjustments

Cash and Call Investments	As a result of conservative budget assumptions and projected revenue and expenditure trends the municipality had to review and align its cash budget accordingly to be more in line with realistic anticipated actual cash projections towards financial year end.
Property, Plant And Equipment	Adjustment budget due to the impact on COVID 19 relating to capital expenditure and the delay with MIG approval i.r.o Water Waste Treatment Plant. Alignment to prior year audited results.
Trade and Other Payables	Adjust payables in line with revised and projected expenditure trends and assumptions relating to period of payment days.
Provisions and Employee Benefits	Downward adjustment in line with prior year results. Downward adjustment due to discounting of non-current provisions.
Accumulated Surplus	Align budget to prior year audited figures and incorporated revises budgeted revenue and expenditure.
Reserves	Adjustment based on the prior year actual results and projected cash levels to support the reserve balance.

Statement of financial position - Budget versus Actual

Cash and Call Investments	Financial year end cash & Investment outcome slightly higher than anticipated i.r.o projected expenditure trends due to the impact of the COVID 19 lockdown regulations and main focus on essential services with lower anticipated expenditure patterns despite downward trend on revenue collection patterns.
Consumer Debtors	Deviation mainly as a result of the COVID 19 pandemic and the negative impact on revenue collection patterns due to job losses and other economic activity constraints - increased impairment.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

48

BUDGET COMPARISONS (CONTINUED)

Other Receivables	Significant asset sale debtors outstanding on 30 June 2020 not anticipated during budget compilation.
Property, Plant And Equipment	Increase mainly due to completes housing project (infrastructure) previously not recorded on 30 June 2018 - R 31 million. Increase slightly offset by increase in depreciation.
Trade and Other Payables	Actual expenditure trends lower than expected during compilation of budget.
Provisions and Employee Benefits	Increase mainly due to restatement of non-current provisions due to inappropriate closure dates used to determine discounted current values of rehabilitation provisions.
Accumulated Surplus	Variance due to significant higher surplus for the year compared to budget projection.

Statement of financial performance - Budget Adjustments

Service Charges - Electricity Revenue	Estimates during budget compilation indicated higher than expected electricity sales.
Bulk Purchases	Estimates during budget compilation indicated lower than expected electricity purchases, supported by various energy saving initiatives implemented in recent year.
Contracted Services	Reduction due to expenditure (Energy Efficiency and Demand-side) reallocated to capital budget.
Other Expenditure and Materials	Increase mainly due to additional allocation received from department of Human Settlements

Statement of financial performance - Budget versus Actual

Service Charges - Electricity Revenue	Loss of revenue due to limited economic activity through the COVID 19 Lockdown period i.r.o bulk Industrial and business consumers
Rental Of Facilities and Equipment	Difference due to Camping fees being budgeted for as part of Other Revenue in terms of NT Classification, while accurately accounted for as part of Rental and Facilities and Equipment (R 6.3 million)
Interest Earned - External Investments	Increase investment interest due to higher than expected in cash reserves
Transfers Recognised - Operational	Variance mainly due to housing grant budgeted in terms of the Provincial Dora received while accounting treatment of housing function is based on the agency bases.
Other Revenue	Variance mainly due to actuarial gain realised which was not anticipated during budget compilation.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

Notes 1 to 12 are an integral part of the financial statements and should be read in conjunction with them.

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BUDGET COMPARISONS (CONTINUED)

Debt Impairment	Deviation mainly as a result of the COVID 19 pandemic and the negative impact on revenue collection patterns due to job losses and other economic activity constraints - increased impairment.
Depreciation & Asset Impairment	Depreciation higher due to increase in capitalised restoration cost (restatement) as well as significant housing infrastructure previously not recorded on 30 June 2018.
Bulk Purchases	Expectation developed during budget compilation did not materialise towards year-end resulting in over expenditure of budget.
Contracted Services	Expenditure on contracted services (specifically on maintenance) higher than anticipated during budget process where more maintenance was expected to be performed in-house.
Other Expenditure and Materials	Variance mainly due to housing grant budgeted in terms of the Provincial Dora received while accounting treatment of housing function is based on the agency bases. Also refer to contracted services.

Cash Flow Statement - Budget Adjustments

Government - Capital	Increase mainly the result of new capital grant allocations.
Suppliers and Employees	Reduction due to expenditure (Energy Efficiency and Demand-side) reallocated to capital budget.
Capital Assets	Due to anticipated savings and capital projects not to complete due to impact of COVID 19
New Loans Raised	Audited unspent loans on 30 June 2019 were indicative that new external loans were not required during 2019/20 to fund proposed program from external funding.
Cash Opening and Closing Balance	Align opening balance to audited results on 30 June 2019

Cash Flow Statement - Budget versus Actual

Property Rates	Variance mainly due to higher than expected revenue raised compared to the budget allocations provided for.
Service Charges	Recovery rate lower than expected combined with lower than expected revenue raised.
Government - Operating	Variance mainly due to housing grant budgeted in terms of the Provincial Dora received while accounting treatment of housing function is based on the agency bases.
Suppliers and Employees	Variance mainly due to housing grant budgeted in terms of the Provincial Dora received while accounting treatment of housing function is based on the agency basis.
Cash Closing Balance	Conservative budgeting resulting in higher than anticipated cash reserves on 30 June 2020.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

These financial statements were audited by the Auditor-General of South Africa, who has issued an unqualified audit opinion.

	2020 R	2019 R
49 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE		
49.1 UNAUTHORISED EXPENDITURE		
Unauthorised expenditure consist out of the following:		
Opening balance	3 145 970	2 873 761
Unauthorised expenditure current year - operating	8 908 624	-
Unauthorised expenditure current year - capital	1 926 938	3 145 970
Approved by Council	(3 145 970)	(2 873 761)
Unauthorised expenditure awaiting approval	10 835 562	3 145 970

Unauthorised expenditure only relates to expenditure in excess of approved budget votes. No disciplinary steps or criminal proceedings were instituted as a result of unauthorised expenditure incurred.

	2020 (Actual) R	2020 (Final Budget) R	2020 (Unauthorised) R
Unauthorised expenditure - Operating			
Engineering Services	183 479 573	174 570 949	8 908 624
Executive and Council	46 595 508	48 988 674	-
Financial Services & ICT	60 375 194	62 679 026	-
Management Services	52 572 092	107 516 860	-
Total	343 022 367	393 755 509	8 908 624

The unauthorised operating expenditure can be attributed to a bulk purchases and debt impairment where budget was not sufficient to cover actual costs.

Unauthorised expenditure - Capital

Engineering Services	30 589 755	32 065 708	-
Executive and Council	3 977 089	4 347 500	-
Financial Services & ICT	4 907 738	2 980 800	1 926 938
Management Services	3 571 554	3 889 031	-
Total	43 046 136	43 283 039	1 926 938

The unauthorised capital expenditure can be attributed to a donated/contributed asset which were not budgeted for.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

	2020	2019
	R	R
UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE		

Fruitless and wasteful expenditure consist out of the following:

Details of Fruitless and wasteful expenditure incurred :

The fruitless and wasteful expenditure has been referred to the internal audit for further investigation. No recovery, disciplinary steps or criminal proceedings were instituted as a result of fruitless and wasteful expenditure incurred which be subject the outcome of the investigation report.

Irregular expenditure consist out of the following:

Details of Irregular expenditure incurred :

All irregular expenditure incurred in the current year relates to Regulation 32 awards entered into in prior years.

The irregular expenditure has been referred to internal audit and MPAC for further investigation. No recovery, disciplinary steps or criminal proceedings were instituted as a result of irregular expenditure incurred which be subject the outcome of the investigation.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

1. The following disclosures are in accordance with the requirements of the MFMA and the relevant accounting standards.

49 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)

	2020	2019
49.4 MATERIAL LOSSES		
Electricity distribution losses		
- Units purchased (Kwh)	73 267 305	76 293 217
- Units lost during distribution (Kwh)	3 695 121	4 956 856
- Percentage lost during distribution	5.04%	6.50%
- Rand Value of Loss	3 140 853	3 668 073
Water distribution losses		
- Kilo litres purified	2 709 734	2 950 603
- Kilo litres lost during distribution	501 606	357 786
- Percentage lost during distribution	18.51%	12.13%
- Rand Value of Loss	1 389 449	801 441

The increase in water losses can mainly be attributed to the water problems experienced in Struisbaai during December 2019 with the bleeding of the water pipe lines in order to get rid of the air in the water network system as well as increasing pipe burst due to old infrastructure (such as bulk meters / network repairs) which be in process of replacement.

50 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

50.1 Salga Contributions [MFMA 125 (1)(b)]

	2020 R	2019 R
Opening balance	(1 247 787)	(1 179 159)
Expenditure incurred	1 305 721	1 179 159
Payments	(1 449 987)	(1 247 787)
Payments in advance	(1 392 053)	(1 247 787)

50.2 Audit Fees [MFMA 125 (1)(c)]

	2020	2019
Opening balance	-	-
Expenditure incurred	3 343 187	3 230 681
External Audit - Auditor-General	3 257 511	3 119 129
Audit Committee	85 676	111 552
Payments	(3 343 187)	(3 230 681)
Outstanding Balance	-	-

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

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VAT is accounted for on the cash basis. All VAT returns have been submitted by the due date throughout the year.

Payments due to SARS	21 269 892	18 964 725
Payments	(21 269 892)	(18 964 725)
Outstanding Balance	-	-

Payments due to pension fund and medical aid	30 389 285	28 015 028
Payments	(30 389 285)	(28 015 028)
Outstanding Balance	-	-

The following Councillor were in arrears for more than 90 days during the relevant financial year:

Councillor D Europa	February - April 2020	2 209	-
Councillor T Zukiswa	Jul - Sept 2018	-	3 291
Councillor D Europa	Oct - Dec 2018	-	2 342
Councillor D Europa	March - June 2019	-	3 345

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CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

		2020 R	2019 R
50	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)		
	During the year under review, the municipality engaged with the following entities where spouses of suppliers are in service of the state (SCM 45)		
	<u>Name (State institution)</u> <u>Supplier name</u>		
	TL Du Toit (Department of Health) Cape Agulhas Civils	4 435 161	2 781 960
	N Eksteen (Shareholder in Premium Computers & Stationers and in service of Denel)	Canfred Computers T/A Premium Computers & Stationers	18 545 45 367
	V Zeeman (Spouse of owner is employed by Overberg District Municipality)	DC Zeeman t/a Aluminium Design	113 987 157 385
	Spouse of Director is employed by Western Cape Education Department	Ikapa Reticulation & Flow	564 404 652 265
	JN du Toit (Spouse of Director employed by the City of Cape Spouse of Director - V van der Heever is a teacher Western Cape Education Department	Kemanzi (Pty) Ltd Democratic Packaging CC	- 53 911 194 948 227 815
	Nadira Andhee wife of Ujush Andhee (Director) is employed as an Educator in KZN.	Piston Power Chemicals CC	23 699 98 068
	Total	5 350 744	4 016 770
51	CAPITAL COMMITMENTS		
	Commitments in respect of Capital Expenditure:	37 247 167	14 196 493
	Approved and contracted for:		
	Upgrade of Wastewater Treatment Works - Bredasdorp	30 207 839	-
	Construction of Water & Roads Services Industrial Area - Struisbaai	840 523	-
	Supply & Delivery of Wheelie Bins	-	1 189 350
	Upgrading of RDP roads: Bredasdorp	-	1 798 893
	Reseal of roads: Bredasdorp	-	280 794
	Supply & Delivery of Shipping Containers	-	1 655 539
	Equipping of Boreholes: Napier & Suiderstrand	-	457 298
	Multi Access Network, Services & Component	6 198 805	8 814 618
	Total	37 247 167	14 196 493

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

	2020 R	2019 R
51 CAPITAL COMMITMENTS (CONTINUED)		
This expenditure will be financed from:		
Internal Funding - CRR	6 198 805	10 208 249
External Loans	26 568 989	1 189 350
Government Grants	4 479 373	2 798 893
Total	37 247 167	14 196 493

52 FINANCIAL RISK MANAGEMENT

The municipality is potentially exposed to the following risks:

52.1 Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

	2020 R	2019 R
The following financial assets are exposed to credit risk:		
Cash and Cash Equivalents	73 024 916	83 722 502
Receivables from exchange transactions	35 973 677	25 419 714
Receivables from non-exchange transactions	175 618	175 618
Current Portion of Long-term Receivables	2 566	7 681
Long-Term Receivables	160 569	184 455
Total	109 337 345	109 509 970

There were no changes in the in the approach how credit risk is managed during the period under review.

Cash and Cash Equivalents

Deposits of the municipality is only held at reputable banks that are listed on the JSE. The credit quality is regularly monitored through required SENS releases by the various banks. The risk pertaining to these deposits are considered to be very low.

There are no restrictions on the cash deposits held, no cash were pledged as security and no collateral is held for any cash and cash equivalents, other than the following:

- Guarantees in favour of the following third parties - Post Office - R 50 000 (2019 - R 50 000)

Also refer to deposit linked to an Eskom Guarantee included in note 2

Credit risk is further managed and guided by the Cash Management and Investment Policy.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

52 FINANCIAL RISK MANAGEMENT (CONTINUED)

Receivables from Exchange Transactions

Receivables comprise of a large number of users, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these receivables. Credit risk pertaining to receivables are considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply.

In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Receivables are disclosed after taking into account the provision for impairment raised against each class of receivable.

Receivables are payable within 30 days. All receivables outstanding for more than 30 days are considered to be passed due.

Refer to note 3 for more information regarding the provision for impairment raised against each service type as well as receivables considered to be passed due.

Also refer to note 3 for more information regarding balances renegotiated beyond the original 30 days payment period initially granted.

No receivables were pledged as security for liabilities and no collateral is held from any consumers (other than consumer deposits).

The following service receivables are past due, but not impaired:

	2020 R	2019 R
Electricity	4 089 095	2 271 720
Water	2 102 578	1 250 609
Refuse	1 604 896	989 774
Sewerage	1 124 928	672 981
Other Services	1 342 664	2 046 106
Total	10 264 161	7 231 190

These receivables can be aged as follows:

1 Month Past due	5 144 629	3 661 580
2 Months Past due	2 490 154	1 858 172
3 Months Past due	1 908 927	1 363 383
> 3 Months Past due	720 450	348 055
Total	10 264 161	7 231 190

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

52 FINANCIAL RISK MANAGEMENT (CONTINUED)

Long Term Receivables (including current portion)

Long Term Receivables are disclosed after taking into account any provision for impairment raised against the outstanding balance. Each outstanding balance are individually assessed for impairment.

No receivables were pledged as security for liabilities and no collateral is held from any of the counter parties.

Refer to note 6 for more detail regarding long term receivables, included debt impairment raised against outstanding gross balances.

52.2 Currency risk (Market Risk)

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The financial instruments of the municipality is not directly exposed to any currency risk.

52.3 Interest rate risk (Market Risk)

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

	2020 R	2019 R
The following balances are exposed to interest rate fluctuations:		
Cash and Cash Equivalents (Excluding Cash on Hand)	73 024 916	83 722 502
Long-term Liabilities (Including Current Portion)	(26 790 115)	(32 752 801)
Net balance exposed	46 234 800	50 969 701

Provisions (Current and Non-Current) amounting to R 21 032 450 were removed from the disclosure as it does not meet the definition of a financial instrument. The effect were also incorporated in the disclosure below.

Potential effect of changes in interest rates on surplus and deficit for the year:

0.5% (2019 - 0.5%) increase in interest rates	231 174	254 849
0.5% (2019 - 1%) decrease in interest rates	(231 174)	(509 697)

A slowdown in Local and International economic activity (due to the COVID 19 pandemic) have prompted the Reserve Bank to cut interest rates during the financial year to support the economy. Management does not foresee significant interest rate movements during the next 12 months.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

Notes to the Financial Statements for the Year Ending 30 June 2020

52 FINANCIAL RISK MANAGEMENT (CONTINUED)

52.4 Liquidity risk

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk is mitigated by approving cash funded budgets at all times to ensure commitments can be settled once due over the long term. The municipality also monitors its cash balances on a daily basis to ensure cash resources are available to settle short term obligations.

The following balances are exposed to liquidity risk:

30 JUNE 2020	PAYABLE		
	Within 1 Year	Two to five years	After five years
Annuity Loans	8 525 487	19 376 510	8 345 535
Payables from exchange transactions	32 985 703	-	-
Total	41 511 189	19 376 510	8 345 535
30 JUNE 2019	PAYABLE		
	Within 1 Year	Two to five years	After five years
Annuity Loans	9 058 813	24 875 210	11 372 322
Payables from exchange transactions	30 287 328	-	-
Total	39 346 140	24 875 210	11 372 322

The liquidity risk is further managed and guided by the Liquidity Policy.

There were no changes to the exposure to liquidity risk and how the risk is managed during the period under review.

Rehabilitation Provisions, Unspent Conditional Government Grants and Unspent Public Contributions were removed from the disclosure as it does not meet the definition of a financial instrument. Payables relating to the department of housing were included in the disclosure as there is a contractual arrangements relating to the funds received.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

Financial statements for the year ending 30 June 2020

52 FINANCIAL RISK MANAGEMENT (CONTINUED)

52.5 Other price risk (Market Risk)

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The municipality is not exposed to any other price risk.

	2020 R	2019 R
53 FINANCIAL INSTRUMENTS		
The municipality recognised the following financial instruments (All balances are recognised at amortised cost.)		
<u>Financial Assets</u>		
Cash and Cash Equivalents	73 041 284	83 738 870
Receivables from exchange transactions	34 581 623	24 171 927
Receivables from non-exchange transactions	175 618	175 618
Current Portion of Long-term Receivables	2 566	7 681
Long-Term Receivables	160 569	184 455
Total	107 961 660	108 278 551
<u>Financial Liabilities</u>		
Current Portion of Long-term Liabilities	6 027 216	5 962 686
Payables from exchange transactions	32 985 703	30 287 328
Long-term Liabilities	20 762 900	26 790 115
Total	59 775 818	63 040 129

54 STATUTORY RECEIVABLES

In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:

Receivables from Non-Exchange Transactions

Rates	6 305 486	5 236 955
Fines	1 899 412	3 710 844
Total	8 204 899	8 947 799

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CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

		2020 R	2019 R
54	STATUTORY RECEIVABLES (CONTINUED)		
	Statutory Receivables are disclosed after taking into account any impairments raised against gross amounts. Refer to note 4 for more detail relating to fines and rates receivables.		
	Rates Receivable past due not impaired	<u>3 071 302</u>	<u>2 354 262</u>
55	EVENTS AFTER REPORTING DATE		
	The national state of disaster has been extended until 15 November 2020. Refer to note 61 where the financial impact of the COVID-19 pandemic on the Municipality is disclosed. Other than the COVID-19 pandemic, the Municipality had no other significant events after reporting date.		
56	IN-KIND DONATIONS AND ASSISTANCE		
	56.1 Refer to notes 23 and 24 for more detail regarding to public contributions and and other assistance/donated assets received.		
	56.2 The municipality participate in the "ABSA Catalyx Youth Employment Service (YES)" programme with the overall aim to place one million youth into work over three years and concluded an agreement with ABSA to host 10 candidates from 1 December 2019 – 30 November 2020 to gain valuable work experienced by placing them in various departments. The youth are paid a stipend of R3700 per month by the programme sponsor ABSA. The service received in kind is not quantified in the records of the municipality as it is not considered significant compared to the operations of the municipality.		
	56.3 The municipality received in-kind assistance from National Treasury relating to revenue enhancement support up to 30 June 2020. The service received in kind is not quantified in the records of the municipality as it is not considered significant compared to the operations of the municipality.		
57	PRIVATE PUBLIC PARTNERSHIPS (PPP's)		
	The municipality did not enter into any PPP's in the current and prior year.		
58	CONTINGENT LIABILITIES		
	The municipality were exposed to the following contingent liabilities at year end:		
	58.1 Guarantees in favour of the following third parties - Post Office - R 50 000 (2019 - R 50 000)		
59	B-BBEE PERFORMANCE		
	Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.		

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CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

The following notes are an integral part of the financial statements and should be read in conjunction with them.

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RELATED PARTIES

Related parties are defined in note 1.35

All rates, service charges and other charges in respect of related parties are in accordance with approved tariffs that were advertised to the public. No impairment charge have been recognised in respect of amounts owed by related parties.

There are no loans outstanding to any related party. Since 1 July 2004 loans to councillors and senior management employees are not permitted.

Remuneration of related parties are disclosed in notes 33 and 34

The Cape Agulhas Municipality as the holding entity had a 100% shareholding in the Southernmost Development Agency (SOC) LTD. As the parent entity of the Agency, the municipality resolved during the 2012/13 financial year to de-register the company. Although the de-registration process is as yet not been finalised on 30 June 2018, the company does not have any assets or liabilities on the reporting dates under review (30 June 2016; 30 June 2017; 30 June 2018; 30 June 2019 and 30 June 2020). The process to de-register the company is considered to be an administrative matter to be finalised and no further financial activities have been conducted in the company on or beyond 30 June 2015. Due to the de-registration no consolidated financial statements are prepared for the financial year under review.

The following purchases were made during the year where Councillors, Management or Employees have an interest:

Entity	Employee	2020 R	2019 R
Adonai Funeral Home (Brother of D Fredericks)	D Fredericks	40 000	20 000
Diedericks Construction (Brother	J Diedericks	129 504	213 530
Enid Benetha Marie Atkins (Catering - Dinner for Local Tours)	T Atkins	-	2 600
EE Spandiel (Catering & Refreshments)	H Spandiel	6 450	11 546
Total		175 954	247 675

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IMPACT OF COVID-19 ON FINANCIAL SUSTAINABILITY

Cape Agulhas Local Municipality is in no way immune to the harsh economic realities as a result of the COVID-19 pandemic. As far possible, the Municipality factored in the effect that the lockdown levels had on its economic environment. At this stage, the uncertainty still remains as to how long the pandemic will remain and how long the economy will take to recover from the lockdowns levels.

Due to the fact the lockdown regulations were implemented relatively close to financial year-end (ie 26 March 2020), the potential negative effect on the the major operations, financial sustainability indicators and cashflows are not yet visible or significant on reporting date.

The Municipality incurred costs amounting to R 4 283 841 in the fight against the COVID-19 pandemic of which R798 000 was grant funded. The remaining expenditure was funded by the Public Contributions and Own Revenue Sources.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

62 NATIONAL TREASURY APPROPRIATION STATEMENT

	ORIGINAL BUDGET 2020 R	BUDGET ADJUSTMENTS 2020 R	FINAL BUDGET 2020 R	ACTUAL OUTCOME 2020 R	BUDGET VARIANCE 2020 R	RESTATED OUTCOME 2019 R
Financial Performance						
Property rates	69 193 000	-	69 193 000	71 198 071	2 005 071	66 106 657
Service charges	178 098 200	5 976 200	184 074 400	182 496 443	(1 577 957)	166 006 985
Investment revenue	2 445 900	754 900	3 200 800	6 282 982	3 082 182	5 168 649
Transfers recognised - operational	98 669 913	2 807 844	101 477 757	44 938 863	(56 538 894)	41 189 131
Other own revenue	33 107 700	351 000	33 458 700	45 301 679	11 842 979	59 509 814
Total Operating Revenue	381 514 713	9 889 944	391 404 657	350 218 038	(41 186 619)	337 981 236
Employee costs	134 136 490	1 920 040	136 056 530	137 733 576	1 677 046	125 207 668
Remuneration of councillors	5 763 700	-	5 763 700	5 631 724	(131 976)	5 441 248
Debt impairment	11 267 458	-	11 267 458	19 860 753	8 593 295	23 471 071
Depreciation & asset impairment	11 025 100	-	11 025 100	15 207 316	4 182 216	13 604 848
Finance charges	12 762 870	(1 696 646)	11 066 224	10 855 080	(211 144)	10 704 907
Materials and bulk purchases	88 404 190	(4 010 000)	84 394 190	89 330 846	4 936 656	76 760 692
Transfers and grants	2 025 900	1 929 970	3 955 870	3 455 128	(500 742)	580 970
Other expenditure	128 948 810	1 277 627	130 226 437	60 947 944	(69 278 493)	60 900 993
Total Expenditure	394 334 518	(579 009)	393 755 509	343 022 367	(50 733 142)	316 672 396
Surplus/(Deficit)	(12 819 805)	10 468 953	(2 350 852)	7 195 671	9 546 523	21 308 839
Transfers recognised - capital	12 941 087	6 826 000	19 767 087	19 120 254	(646 833)	20 682 357
Contributed Assets	-	-	-	2 047 134	2 047 134	-
Surplus/(Deficit) for the year	121 282	17 294 953	17 416 235	28 363 059	10 946 824	41 991 196

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CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

62 NATIONAL TREASURY APPROPRIATION STATEMENT (CONTINUED)

	ORIGINAL BUDGET 2020 R	BUDGET ADJUSTMENTS 2020 R	FINAL BUDGET 2020 R	ACTUAL OUTCOME 2020 R	BUDGET VARIANCE 2020 R	RESTATE OUTCOME 2019 R
Capital expenditure & funds sources						
Capital expenditure	47 208 739	(3 925 700)	43 283 039	43 046 136	(236 903)	36 952 156
Transfers recognised - capital	12 941 087	6 826 000	19 767 087	19 120 254	(646 833)	20 682 357
Public contributions & donations	-	-	-	2 047 134	2 047 134	-
Borrowing	19 988 476	(10 339 500)	9 648 976	7 709 276	(1 939 700)	6 623 301
Internally generated funds	14 279 176	(412 200)	13 866 976	14 169 472	302 496	9 646 498
Total sources of capital funds	47 208 739	(3 925 700)	43 283 039	43 046 136	(236 903)	36 952 156
Cash flows						
Net cash from (used) operating	12 171 535	11 193 156	23 364 692	31 055 754	7 691 062	55 515 323
Net cash from (used) investing	(42 201 491)	3 926 133	(38 275 358)	(36 121 703)	2 153 655	(33 227 633)
Net cash from (used) financing	11 819 900	(16 941 842)	(5 121 943)	(5 631 637)	(509 694)	13 682 869
Net Cash Movement for the year	(18 210 056)	(1 822 553)	(20 032 609)	(10 697 585)	9 335 023	35 970 559
Cash/cash equivalents at beginning of year	40 401 900	43 336 970	83 738 870	83 738 870	-	47 768 311
Cash/cash equivalents at the year end	22 191 844	41 514 417	63 706 261	73 041 285	9 335 023	83 738 869

Refer to Appendix E for more detail relating to the National Treasury Appropriation Statements

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CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX A (UNAUDITED)

SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDING 30 JUNE 2020

INSTITUTION	LOAN NUMBER	RATE	REDEMPTION DATE	OPENING BALANCE 1 JULY 2019 R	RECEIVED DURING YEAR R	REDEEMED DURING YEAR R	CLOSING BALANCE 30 JUNE 2020 R
<u>ANNUITY LOANS</u>							
ABSA	3044713107	10.60%	2026/06/30	965 383	-	(98 073)	867 310
ABSA	88397067	10.60%	2021/06/30	337 892	-	(160 313)	177 578
ABSA	88399019	10.60%	2021/06/30	148 256	-	(70 341)	77 916
ABSA	88396435	10.60%	2021/06/30	84 078	-	(39 891)	44 187
ABSA	88583065	10.60%	2021/06/30	100 292	-	(47 584)	52 708
ABSA	3046537820	9.84%	2027/06/30	2 083 567	-	(179 818)	1 903 750
NEDBANK	Vehicle Fleet	9.20%	2021/06/30	3 333 333	-	(1 666 667)	1 666 667
NEDBANK	INFRA 1	9.64%	2023/06/30	2 400 000	-	(600 000)	1 800 000
NEDBANK	INFRA 2	10.35%	2028/06/30	6 300 000	-	(700 000)	5 600 000
NEDBANK	INFRA 3	9.92%	2029/06/30	10 000 000	-	(1 000 000)	9 000 000
NEDBANK	INFRA 4	9.30%	2024/06/30	4 120 000	-	(824 000)	3 296 000
NEDBANK	Asset Finance	9.30%	2024/06/30	2 880 000	-	(576 000)	2 304 000
Total Annuity Loans				32 752 801	-	(5 962 686)	26 790 115
Total Long-Term Liabilities				32 752 801	-	(5 962 686)	26 790 115

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CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX B (UNAUDITED)

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES) FOR THE YEAR ENDING 30 JUNE 2020

VOTE	30 JUNE 2020			30 JUNE 2019		
	REVENUE R	EXPENDITURE R	SURPLUS/ (DEFICIT) R	REVENUE R	EXPENDITURE R	SURPLUS/ (DEFICIT) R
Engineering Services	204 890 773	(183 479 573)	21 411 200	192 638 568	(162 042 652)	30 595 916
Executive and Council	38 176 018	(46 595 508)	(8 419 489)	32 618 966	(41 788 183)	(9 169 218)
Financial Services & ICT	103 286 596	(60 375 194)	42 911 401	97 337 774	(56 658 163)	40 679 611
Management Services	25 032 040	(52 572 092)	(27 540 053)	36 068 284	(56 183 398)	(20 115 114)
Total	371 385 426	(343 022 367)	28 363 059	358 663 593	(316 672 396)	41 991 196

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

ACTUAL VERSUS BUDGET- CAPITAL AND OPERATING EXPENDITURE (VOTES) FOR THE YEAR ENDING 30 JUNE 2020

	ACTUAL R	BUDGET R	VARIANCE R	EXPLANATION FOR MATERIAL VARIANCES
OPERATING EXPENDITURE				
Engineering Services	183 479 573	174 570 949	8 908 624	Over Expenditure on Bulk Purchases and Debt Impairment
Executive and Council	46 595 508	48 988 674	(2 393 166)	Variance immaterial
Financial Services & ICT	60 375 194	62 679 026	(2 303 832)	Variance immaterial
Management Services	52 572 092	107 516 860	(54 944 768)	Housing grant budgeted for in terms of DORA while treated on agency basis in financial statements
Total	343 022 367	393 755 509	(50 733 142)	
CAPITAL EXPENDITURE				
Engineering Services	30 589 755	32 065 708	(1 475 953)	Variance immaterial
Executive and Council	3 977 089	4 347 500	(370 411)	Variance immaterial
Financial Services & ICT	4 907 738	2 980 800	1 926 938	Variance immaterial
Management Services	3 571 554	3 889 031	(317 477)	Variance immaterial
Total	43 046 136	43 283 039	(236 903)	

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX D (UNAUDITED)

DISCLOSURE OF GRANTS AND SUBSIDIES FOR THE YEAR ENDING 30 JUNE 2020

	OPENING BALANCE	GRANTS RECEIVED	TRANSFERRED TO REVENUE (OPERATING)	TRANSFERRED TO REVENUE (CAPITAL)	TRANSFER TO/ (FROM) RECEIVABLES	CLOSING BALANCE
	R	R	R	R	R	R
NATIONAL GOVERNMENT						
Equitable Share	-	29 908 000	(29 908 000)	-	-	-
Financial Management Grant (FMG)	-	1 550 000	(1 550 000)	-	-	-
Municipal Infrastructure Grant (MIG)	-	11 005 000	(1 878 487)	(9 126 513)	-	-
Skills Development Fund and SETA Bursaries	208 872	476 976	(680 322)	-	-	5 526
Energy Efficiency and Demand-side (EEDM)	-	6 000 000	(840 000)	(5 160 000)	-	-
Disaster Relief (COVID 19)	-	298 000	(298 000)	-	-	-
Expanded Public Works Program (EPWP)	-	1 740 000	(1 740 000)	-	-	-
Total	208 872	50 977 976	(36 894 809)	(14 286 513)	-	5 526
PROVINCIAL GOVERNMENT						
Library Services	-	6 003 000	(6 003 000)	-	-	-
Internal Audit System (FMSG)	174 000	-	-	-	-	174 000
Smart City Project (FMSG)	-	1 070 000	(45)	(1 069 955)	-	-
mSCOA Support Grant (FMSG)	-	330 000	(330 000)	-	-	-
Graduate Bursary Scheme (FMSG)	-	380 000	(380 000)	-	-	-
Bulk Meters (FMSG)	500 000	-	(66 057)	(433 943)	-	-
Drought Support Grant	-	500 000	(30 616)	(469 384)	-	-
Proclaimed Road Subsidy	-	62 400	(62 400)	-	-	-
Community Development Workers (CDW)	-	112 000	(20 450)	-	-	91 550
Humanitarian Relief (COVID 19)	-	500 000	(500 000)	-	-	-
RSEP - Informal Trading Area	42 844	1 200 000	(242 844)	(1 000 000)	-	-
RSEP - Taxi Rank Development Plan	145 000	-	(145 000)	-	-	-
RSEP - Pedestrian Bridge (Ou Meuleweg)	-	800 000	(97 434)	(702 566)	-	-
DEAT - LED Containers	-	1 345 000	(166 208)	(1 157 893)	-	20 899
Total	861 844	12 302 400	(8 044 054)	(4 833 741)	-	286 449
ALL SPHERES GOVERNMENT	1 070 716	63 280 376	(44 938 863)	(19 120 254)	-	291 975

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CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX E (1) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

	ORIGINAL BUDGET 2020 R	BUDGET ADJUSTMENTS 2020 R	FINAL BUDGET 2020 R	ACTUAL OUTCOME 2020 R	BUDGET VARIANCE 2020 R	RESTATE OUTCOME 2019 R
REVENUE						
Governance and administration	126 339 900	3 380 900	129 720 800	149 591 062	19 870 262	142 278 959
Executive and council	29 939 500	150 000	30 089 500	30 598 030	508 530	27 645 140
Finance and administration	96 400 400	3 056 900	99 457 300	118 993 032	19 535 732	114 633 819
Internal audit	-	174 000	174 000	-	(174 000)	-
Community and public safety	76 338 600	6 336 000	82 674 600	22 276 904	(60 397 696)	34 058 601
Community and social services	6 653 000	542 000	7 195 000	6 375 725	(819 275)	8 588 374
Sport and recreation	7 328 600	210 000	7 538 600	6 955 698	(582 902)	7 676 862
Public safety	11 655 000	-	11 655 000	8 773 482	(2 881 518)	17 711 891
Housing	50 702 000	5 584 000	56 286 000	172 000	(56 114 000)	81 475
Economic and environmental services	7 076 500	1 537 844	8 614 344	8 061 722	(552 622)	5 680 453
Planning and development	4 159 700	1 537 844	5 697 544	5 353 323	(344 221)	2 390 920
Road transport	2 916 800	-	2 916 800	2 708 399	(208 401)	3 289 532
Trading services	184 700 800	5 461 200	190 162 000	191 455 739	1 293 739	176 645 580
Energy Sources	126 860 400	5 446 200	132 306 600	129 745 888	(2 560 712)	118 269 269
Water Management	28 707 100	(500 000)	28 207 100	28 710 049	502 949	26 842 278
Waste water management	11 335 000	515 000	11 850 000	13 135 780	1 285 780	11 979 227
Waste management	17 798 300	-	17 798 300	19 864 022	2 065 722	19 554 807
Total Revenue - Standard	394 455 800	16 715 944	411 171 744	371 385 426	(39 786 318)	358 663 593

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CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX E (1) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

	ORIGINAL BUDGET 2020 R	BUDGET ADJUSTMENTS 2020 R	FINAL BUDGET 2020 R	ACTUAL OUTCOME 2020 R	BUDGET VARIANCE 2020 R	RESTATED OUTCOME 2019 R
EXPENDITURE						
Governance and administration	104 514 836	4 963 520	109 478 356	104 887 663	(4 590 693)	97 097 680
Executive and council	15 500 400	2 055 070	17 555 470	16 375 410	(1 180 060)	13 249 447
Finance and administration	87 665 836	2 700 450	90 366 286	87 234 711	(3 131 575)	82 530 926
Internal audit	1 348 600	208 000	1 556 600	1 277 542	(279 059)	1 317 307
Community and public safety	92 738 760	6 152 000	98 890 760	46 624 710	(52 266 050)	50 406 531
Community and social services	11 093 800	337 900	11 431 700	13 356 631	1 924 931	13 002 831
Sport and recreation	12 397 560	126 600	12 524 160	12 383 816	(140 344)	12 623 479
Public safety	16 197 000	318 700	16 515 700	18 343 464	1 827 764	22 763 560
Housing	53 050 400	5 368 800	58 419 200	2 540 800	(55 878 400)	2 016 661
Economic and environmental services	31 239 500	456 384	31 695 884	30 880 688	(815 196)	27 644 800
Planning and development	11 813 500	353 644	12 167 144	10 106 672	(2 060 472)	8 562 104
Road transport	19 352 200	102 740	19 454 940	20 750 235	1 295 295	18 898 956
Environmental protection	73 800	-	73 800	23 781	(50 019)	183 740
Trading services	164 063 922	(12 252 913)	151 811 009	159 457 077	7 646 068	140 914 696
Energy Sources	111 309 784	(10 198 540)	101 111 244	103 946 132	2 834 888	89 605 798
Water Management	20 185 660	(222 712)	19 962 948	22 388 729	2 425 781	20 370 988
Waste water management	11 878 376	265 185	12 143 561	12 453 132	309 571	12 106 946
Waste management	20 690 102	(2 096 846)	18 593 256	20 669 084	2 075 828	18 830 963
Other	1 777 500	102 000	1 879 500	1 172 230	(707 270)	608 688
Total Expenditure - Standard	394 334 518	(579 009)	393 755 509	343 022 367	(50 733 142)	316 672 396
Surplus/(Deficit) for the year	121 282	17 294 953	17 416 235	28 363 059	10 946 824	41 991 196

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CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX E (2) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

	ORIGINAL BUDGET 2020 R	BUDGET ADJUSTMENTS 2020 R	FINAL BUDGET 2020 R	ACTUAL OUTCOME 2020 R	BUDGET VARIANCE 2020 R	RESTATED OUTCOME 2019 R
REVENUE						
Executive and Council	34 902 700	2 671 844	37 574 544	38 176 018	601 474	32 618 966
Engineering Services	82 866 800	120 932 600	203 799 400	204 890 773	1 091 373	192 638 568
Financial Services & ICT	78 926 100	6 121 600	85 047 700	103 286 596	18 238 896	97 337 774
Management Services	197 760 200	(113 010 100)	84 750 100	25 032 040	(59 718 060)	36 068 284
Total Revenue by Vote	394 455 800	16 715 944	411 171 744	371 385 426	(39 786 318)	358 663 593
EXPENDITURE						
Executive and Council	47 237 850	1 750 824	48 988 674	46 595 508	(2 393 166)	41 788 183
Engineering Services	59 117 386	115 453 563	174 570 949	183 479 573	8 908 624	162 042 652
Financial Services & ICT	101 227 260	(38 548 234)	62 679 026	60 375 194	(2 303 832)	56 658 163
Management Services	186 752 022	(79 235 162)	107 516 860	52 572 092	(54 944 768)	56 183 398
Total Expenditure by Vote	394 334 518	(579 009)	393 755 509	343 022 367	(50 733 142)	316 672 396
Surplus/(Deficit) for the year	121 282	17 294 953	17 416 235	28 363 059	10 946 824	41 991 196

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CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX E (3) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

REVENUE AND EXPENDITURE

	ORIGINAL BUDGET 2020 R	BUDGET ADJUSTMENTS 2020 R	FINAL BUDGET 2020 R	ACTUAL OUTCOME 2020 R	BUDGET VARIANCE 2020 R	RESTATED OUTCOME 2019 R
REVENUE BY SOURCE						
Property rates	69 193 000	-	69 193 000	71 198 071	2 005 071	66 106 657
Service charges - electricity revenue	120 785 900	5 446 200	126 232 100	122 224 269	(4 007 831)	109 586 813
Service charges - water revenue	28 204 000	-	28 204 000	27 451 147	(752 853)	26 045 029
Service charges - sanitation revenue	11 310 000	530 000	11 840 000	12 969 507	1 129 507	11 709 330
Service charges - refuse revenue	17 798 300	-	17 798 300	19 851 521	2 053 221	18 665 813
Rental of facilities and equipment	1 960 700	-	1 960 700	8 667 864	6 707 164	8 530 947
Interest earned - external investments	2 445 900	754 900	3 200 800	6 282 982	3 082 182	5 168 649
Interest earned - outstanding debtors	1 718 500	-	1 718 500	1 380 847	(337 653)	2 382 181
Fines, penalties and forfeits	11 639 900	(50 000)	11 589 900	8 642 918	(2 946 982)	17 574 647
Licences and permits	66 700	-	66 700	721 743	655 043	1 203 775
Agency services	2 916 800	-	2 916 800	1 951 011	(965 789)	2 086 914
Transfers recognised - operational	98 669 913	2 807 844	101 477 757	44 938 863	(56 538 894)	41 189 131
Other revenue	9 805 100	401 000	10 206 100	18 883 390	8 677 290	22 357 107
Gains on Disposal of Properties	5 000 000	-	5 000 000	5 053 906	53 906	5 374 242
Total Revenue (excluding capital transfers and contributions)	381 514 713	9 889 944	391 404 657	350 218 038	(41 186 619)	337 981 236

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CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX E (3) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

REVENUE AND EXPENDITURE

	ORIGINAL BUDGET 2020 R	BUDGET ADJUSTMENTS 2020 R	FINAL BUDGET 2020 R	ACTUAL OUTCOME 2020 R	BUDGET VARIANCE 2020 R	RESTATED OUTCOME 2019 R
EXPENDITURE BY TYPE						
Employee related costs	134 136 490	1 920 040	136 056 530	137 733 576	1 677 046	125 207 668
Remuneration of councillors	5 763 700	-	5 763 700	5 631 724	(131 976)	5 441 248
Debt impairment	11 267 458	-	11 267 458	19 860 753	8 593 295	23 471 071
Depreciation & asset impairment	11 025 100	-	11 025 100	15 207 316	4 182 216	13 604 848
Finance charges	12 762 870	(1 696 646)	11 066 224	10 855 080	(211 144)	10 704 907
Bulk purchases	88 404 190	(4 010 000)	84 394 190	89 330 846	4 936 656	76 760 692
Contracted services	28 209 600	(5 202 256)	23 007 344	24 606 371	1 599 027	25 013 541
Transfers and grants	2 025 900	1 929 970	3 955 870	3 455 128	(500 742)	580 970
Other Expenditure and Materials	100 739 210	6 479 883	107 219 093	35 943 810	(71 275 283)	35 718 742
Loss on Disposal of Property, Plant and Equipment	-	-	-	397 763	397 763	168 710
Total Expenditure	394 334 518	(579 009)	393 755 509	343 022 367	(50 733 142)	316 672 396
Surplus/(Deficit)	(12 819 805)	10 468 953	(2 350 852)	7 195 671	9 546 523	21 308 839
Transfers recognised - capital	12 941 087	6 826 000	19 767 087	19 120 254	(646 833)	20 682 357
Contributed Assets	-	-	-	2 047 134	2 047 134	-
Surplus/(Deficit) for the year	121 282	17 294 953	17 416 235	28 363 059	10 946 824	41 991 196

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX E (4) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

CAPITAL EXPENDITURE

	ORIGINAL BUDGET 2020 R	BUDGET ADJUSTMENTS 2020 R	FINAL BUDGET 2020 R	ACTUAL OUTCOME 2020 R	BUDGET VARIANCE 2020 R	RESTATE OUTCOME 2019 R
CAPITAL EXPENDITURE (VOTE)						
Multi-year expenditure						
Financial Services & ICT	2 450 000	(1 070 000)	1 380 000	1 379 949	(51)	1 057 553
Management Services	50 000	(15 000)	35 000	34 818	(182)	635 977
Engineering Services	9 554 714	5 570 000	15 124 714	14 692 854	(431 860)	7 948 583
Total Multi-year expenditure	12 054 714	4 485 000	16 539 714	16 107 622	(432 092)	9 642 114
Single-year expenditure						
Executive and Council	1 939 800	2 407 700	4 347 500	3 977 089	(370 411)	1 618 863
Financial Services & ICT	239 000	1 361 800	1 600 800	3 527 788	1 926 988	1 006 193
Management Services	5 245 731	(1 391 700)	3 854 031	3 536 736	(317 295)	3 359 044
Engineering Services	27 729 494	(10 788 500)	16 940 994	15 896 901	(1 044 093)	21 325 942
Total Single-year expenditure	35 154 025	(8 410 700)	26 743 325	26 938 514	195 189	27 310 042
Total Capital Expenditure by Vote	47 208 739	(3 925 700)	43 283 039	43 046 136	(236 903)	36 952 156

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX E (4) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

CAPITAL EXPENDITURE

	ORIGINAL BUDGET 2020 R	BUDGET ADJUSTMENTS 2020 R	FINAL BUDGET 2020 R	ACTUAL OUTCOME 2020 R	BUDGET VARIANCE 2020 R	RESTATE OUTCOME 2019 R
CAPITAL EXPENDITURE (STANDARD CLASSIFICATION)						
Governance and administration	4 081 100	228 500	4 309 600	6 226 217	1 916 617	2 850 620
Executive and council	9 800	(400)	9 400	9 206	(194)	180 404
Finance and administration	4 071 300	77 900	4 149 200	6 217 011	2 067 811	2 668 981
Internal audit	-	151 000	151 000	-	(151 000)	1 235
Community and public safety	3 661 831	(930 900)	2 730 931	2 585 076	(145 855)	4 693 122
Community and social services	50 000	(5 000)	45 000	88 287	43 287	1 041 198
Sport and recreation	3 142 331	(935 000)	2 207 331	1 962 041	(245 290)	3 648 124
Public safety	465 000	10 500	475 500	531 648	56 148	-
Housing	4 500	(1 400)	3 100	3 100	-	3 800
Economic and environmental services	13 340 438	(2 580 800)	10 759 638	9 869 090	(890 548)	15 417 715
Planning and development	1 856 900	793 000	2 649 900	2 455 515	(194 385)	32 452
Road transport	11 303 538	(3 373 800)	7 929 738	7 250 405	(679 333)	15 385 264
Environmental protection	180 000	-	180 000	163 170	(16 830)	-
Trading services	26 055 370	(2 107 500)	23 947 870	23 168 600	(779 270)	13 990 699
Energy sources	5 838 352	4 982 500	10 820 852	10 766 458	(54 394)	9 351 033
Water management	3 030 000	1 988 000	5 018 000	4 138 214	(879 786)	1 291 354
Waste water management	15 637 018	(9 078 000)	6 559 018	6 566 182	7 164	766 267
Waste management	1 550 000	-	1 550 000	1 697 747	147 747	2 582 045
Other	70 000	1 465 000	1 535 000	1 197 154	(337 846)	-
Total Capital Expenditure - Standard	47 208 739	(3 925 700)	43 283 039	43 046 136	(236 903)	36 952 156

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CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX E (4) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

CAPITAL EXPENDITURE

	ORIGINAL BUDGET 2020 R	BUDGET ADJUSTMENTS 2020 R	FINAL BUDGET 2020 R	ACTUAL OUTCOME 2020 R	BUDGET VARIANCE 2020 R	RESTATED OUTCOME 2019 R
CAPITAL EXPENDITURE (FUNDING SOURCES)						
National Government	10 641 087	3 610 000	14 251 087	14 286 513	35 426	19 368 376
Provincial Government	2 300 000	3 216 000	5 516 000	4 833 741	(682 259)	1 313 981
Transfers recognised - capital	12 941 087	6 826 000	19 767 087	19 120 254	(646 833)	20 682 357
Public contributions & donations	-	-	-	2 047 134	2 047 134	-
Borrowing	19 988 476	(10 339 500)	9 648 976	7 709 276	(1 939 700)	6 623 301
Internally generated funds	14 279 176	(412 200)	13 866 976	14 169 472	302 496	9 646 498
Total Capital Funding	47 208 739	(3 925 700)	43 283 039	43 046 136	(236 903)	36 952 156

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX E (5) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

CASH FLOWS

	ORIGINAL BUDGET 2020 R	BUDGET ADJUSTMENTS 2020 R	FINAL BUDGET 2020 R	ACTUAL OUTCOME 2020 R	BUDGET VARIANCE 2020 R	RESTATED OUTCOME 2019 R
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Property rates	67 809 140	(2 364 003)	65 445 137	70 120 375	4 675 238	63 449 416
Service charges	174 536 236	(432 291)	174 103 945	170 183 681	(3 920 264)	159 304 825
Other revenue	17 854 354	320 506	18 174 860	15 066 562	(3 108 297)	22 740 322
Government - operating	98 669 913	2 742 000	101 411 913	44 116 011	(57 295 902)	42 118 265
Government - capital	12 441 087	6 675 000	19 116 087	19 164 365	48 278	20 423 479
Interest	4 130 030	696 187	4 826 217	7 663 829	2 837 613	7 550 830
Payments						
Suppliers and employees	(358 379 125)	4 592 358	(353 786 766)	(288 712 583)	65 074 183	(257 634 422)
Finance charges	(2 864 200)	(491 500)	(3 355 700)	(3 091 359)	264 341	(1 856 421)
Transfers and Grants	(2 025 900)	(545 100)	(2 571 000)	(3 455 128)	(884 128)	(580 970)
NET CASH FROM OPERATING ACTIVITIES	12 171 535	11 193 156	23 364 692	31 055 754	7 691 062	55 515 323
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of Assets	5 000 000	-	5 000 000	5 073 906	73 906	5 410 131
Decrease other non-current receivables	7 248	433	7 681	(639 137)	(646 818)	(1 392 051)
Payments						
Capital assets	(47 208 739)	3 925 700	(43 283 039)	(40 556 472)	2 726 567	(37 245 713)
NET CASH USED IN INVESTING ACTIVITIES	(42 201 491)	3 926 133	(38 275 358)	(36 121 703)	2 153 655	(33 227 633)

VP

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX E (5) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

CASH FLOWS

	ORIGINAL BUDGET 2020 R	BUDGET ADJUSTMENTS 2020 R	FINAL BUDGET 2020 R	ACTUAL OUTCOME 2020 R	BUDGET VARIANCE 2020 R	RESTATED OUTCOME 2019 R
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts						
Borrowing long term/refinancing	16 778 596	(16 778 596)	-	-	-	17 000 000
Increase (decrease) in consumer deposits	241 304	40 485	281 789	331 049	49 260	189 029
Payments						
Repayment of borrowing	(5 200 000)	(203 731)	(5 403 731)	(5 962 686)	(558 954)	(3 506 160)
NET CASH FROM FINANCING ACTIVITIES	11 819 900	(16 941 842)	(5 121 943)	(5 631 637)	(509 694)	13 682 869
NET INCREASE/ (DECREASE) IN CASH HELD	(18 210 056)	(1 822 553)	(20 032 609)	(10 697 586)	9 335 023	35 970 559
Cash/cash equivalents at the year begin:	40 401 900	43 336 970	83 738 870	83 738 870	-	47 768 311
Cash/cash equivalents at the year end:	22 191 844	41 514 417	63 706 261	73 041 284	9 335 022	83 738 870
NET INCREASE/ (DECREASE) IN CASH HELD	(18 210 056)	(1 822 553)	(20 032 609)	(10 697 586)	9 335 023	35 970 559

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